TOWN OF LOS GATOS
*AMENDED COUNCIL MEETING AGENDA
JANUARY 20, 2026
110 EAST MAIN STREET AND TELECONFERENCE
TOWN COUNCIL CHAMBERS
7:00 PM

Rob Moore, Mayor
Maria Ristow, Vice Mayor
Mary Badame, Council Member
Matthew Hudes, Council Member
Rob Rennie, Council Member

IMPORTANT NOTICE

This is a hybrid meeting and will be held in-person at the Town Council Chambers at 110 E. Main Street and virtually through Zoom Webinar (log-in information provided below). You may watch the Council meeting without providing public comment on Comcast cable channel 15 or at www.LosGatosCA.gov/TownYouTube. Members of the public may provide public comments for agenda items in-person or virtually by following the instructions listed at the end of the agenda.

To watch and participate via Zoom, please go to:

https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqIdSSWpjxYoK.1

Enter Passcode: 577971

CALL MEETING TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATIONS

i. Recognize Outgoing, Board Members, Committee Members, and Commissioners.
ii. Small Business Recognition
iii. Resident Recognition

CONSENT ITEMS *(Consent Items are considered routine Town business and may be approved by one motion. Any member of the Council may remove an item from the Consent Items for comment and action. Members of the public may provide input on any or multiple Consent Item(s) when the Mayor asks for public comments on the Consent Items. If you wish to comment, please follow the Participation Instructions located at the end of this agenda. If an item is removed, the Mayor has the sole discretion to determine when the item will be heard.)*

1. **Approve the Minutes of the December 16, 2025, Closed Session Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the December 16, 2025, Closed Session Town Council Meeting.

2. **Approve the Minutes of the December 16, 2025, Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the December 16, 2025, Town Council Meeting.

3. **Approve the Minutes of the January 13, 2026, Closed Session Town Council Meeting.**
RECOMMENDATION: Approve the Minutes of the January 13, 2026, Closed Session Town Council Meeting.

4. **Receive the Monthly Financial and Investment Report for November 2025**
RECOMMENDATION: Receive the Monthly Financial and Investment Reports for November 2025.

5. **Authorize the Town Manager to Execute a Third Amendment to an Agreement for Services with OpenGov, Inc., for an Amount Not to Exceed $401,214.79**
RECOMMENDATION: Authorize the Town Manager to execute a Third Amendment to the Agreement for Services with OpenGov, Inc. for Enterprise Asset Management Services and Procurement Suite Services, renewable annually, for an amount not to exceed $401,214.79.

6. **Accept the 2025 Annual Street Repair and Resurfacing Project, Authorize the Town Manager to Execute a Notice of Completion, and Direct Staff to Record the Notice of Completion**
RECOMMENDATION: Accept the 2025 Annual Street Repair and Resurfacing Project (4118110, 4818110; CIP 811-9901); authorize the Town Manager to execute a Notice of Completion; and direct staff to record the Notice of Completion.

7. **Receive the Fiscal Year 2024-25 AB 1600 Annual Report on Receipt and Use of Development Impact Fees**
RECOMMENDATION: Receive the Fiscal Year 2024-25 AB 1600 Annual Report on Receipt and Use of Development Impact Fees.

8. **Authorize the Town Manager to Execute a First Amendment to an Agreement with HouseKeys for Administration of the Town's Below Market Price Affordable Housing Program to Extend the Contract to June 30, 2026.**
RECOMMENDATION: Authorize the Town Manager to execute a first amendment to an agreement with HouseKeys for administration of the Town's Below Market Price Affordable Housing Program (BMP Program) to extend the contract to June 30, 2026.

9. **Authorize the Town Manager to Execute a Third Amendment to the Contract for Legal Services with the Law Firm of Atchison, Barisone & Condotti to Extend the Term and Increase the Contract Amount by $50,000 in an Amount Not to Exceed $300,000 until June 30, 2026**

RECOMMENDATION: Authorize the Town Manager to execute a third amendment to the contract for legal services with the law firm of Atchison, Barisone & Condotti to extend the term and increase the contract amount by $50,000 in an amount not to exceed $300,000 until June 30, 2026.

10. Authorize Revenue and Expenditure Budget Adjustments Totaling $196,200.07 to Reflect FY 2025-26 COPS/SLESF Additional Grant Funding from Monte Sereno; Authorize Revenue and Expenditure Budget Adjustments Totaling $251,426.95 to Reflect Prior Year Unspent Overages Received by the Town of Los Gatos; and Authorize the Town Manager to Execute an Agreement in substantially the form prepared with Assure MSP, Inc. to Install, Configure, Provide the Verkada Camara System and Cloud-Management System Under the California Multiple Award Schedule with a Total Project Amount Not to exceed $215,000.

RECOMMENDATION: Authorize revenue and expenditure budget adjustments totaling $196,200.07 to reflect FY 2025-26 COPS/SLESF additional grant funding from Monte Sereno; authorize revenue and expenditure budget adjustments totaling $251,426.95 to reflect prior year unspent overages received by the Town of Los Gatos; and authorize the Town Manager to execute an agreement in substantially the form prepared with Assure MSP, Inc. to Install, Configure, Provide the Verkada Camara System and Cloud-Management System Under the California Multiple Award Schedule with a Total Project Amount Not to exceed $215,000.

11. Adopt a Resolution of the Town Council of the Town of Los Gatos to Authorize Investment Monies in the Local Agency Investment Fund and Rescind Resolution 2007-093

RECOMMENDATION:
Staff recommends that the Council adopt a resolution to authorize investment monies in the Local Agency Investment Fund and rescind Resolution 2022-049.

12. Authorize the Town Manager to Execute a Third Amendment with Chavan & Associates, LLP. to Extend the Contract for One Year and Increase Compensation by $59,000 for a Total Agreement Amount Not to Exceed $248,000.

RECOMMENDATION:
Authorize the Town Manager to execute a third amendment with Chavan & Associates, LLP. to extend the contract for one year, update the scope of the original agreement, and increase the compensation by $59,000 for a total agreement amount not to exceed $248,000.

13. Adopt a Resolution to Ratifying the Emergency Procurement of Services for Flood Restoration at Civic Center

RECOMMENDATION: Adopt a resolution to ratify Town staff's emergency purchasing actions; grant the Town Manager the authority to execute an Agreement for Services in substantially the form prepared, as necessary to complete flood remediation and restoration work with Sharjo, LLC in an amount not to exceed $300,000; and authorize an expenditure budget adjustment in the amount of $300,000 to the Annual Unanticipated Repairs Project (CIP No. 811-9904; 4118151) funded from the General Fund unassigned fund balance.

VERBAL COMMUNICATIONS *(Members of the public are welcome to address the Town Council on any matter that is not listed on the agenda and is within the subject matter jurisdiction of the Town Council. The law generally prohibits the Town Council from discussing or taking action on such items. However, the Council may instruct staff accordingly. To ensure all agenda items are heard, this portion of the agenda is limited to 30 minutes. In the event additional speakers were not heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications will be opened prior to adjournment. Each speaker is limited to no more than three (3) minutes or such time as authorized by the Mayor.)*

PUBLIC HEARINGS *(Applicants/Appellants and their representatives may be allotted up to a total of five minutes for opening statements. Members of the public may be allotted up to three minutes to comment on any public hearing item. Applicants/Appellants and their representatives may be allotted up to a total of three minutes for closing statements.)*

14. **Consider a Recommendation by the Planning Commission to Approve a Zone Change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) and a General Plan Amendment to Change the Land Use Designation from Central Business District to Medium Density Residential, for Property Located at 4 Tait Avenue. APN: 510-44-054. Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3). Zone Change Application Z-25-002 and General Plan Amendment Application GP-25-002. Property Owner/Applicant: Town of Los Gatos. Project Planner: Sean Mullin.**
    Ordinance Title: An Ordinance of the Town Council of the Town Of Los Gatos Amending the Zoning Code from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) for Property Located at 4 Tait Avenue.
    RECOMMENDATION:
    Accept the Planning Commission's recommendation and introduce an Ordinance effecting a zone change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay), and adopt a Resolution effecting a General Plan amendment to change the Land Use designation from Central Business District to Medium Density Residential, for property located at 4 Tait Avenue.

OTHER BUSINESS *(Up to three minutes may be allotted to each speaker on any of the following items.)*

15. **Adopt the Revised Town Agenda Format and Rules Policy 2-01.**
    RECOMMENDATION: Adopt the revised Town Agenda Format and Rules Policy 2-01.

16. **Adopt the Draft License Agreement for Encroachments for Private Use of Public Property Policy.**
    RECOMMENDATION: Adopt the draft License Agreements for Encroachments for Private Use of Public Property Policy, to establish clear, consistent procedures for permitting,

licensing, inspection, enforcement, and revocation of private encroachments within the public right-of-way (ROW) and on Town-owned property.

17. **Receive the Bi-Annual Police Services Report for July – December 2025.**
RECOMMENDATION: Receive the bi-annual update from the Los Gatos-Monte Sereno Police Department (LGMSPD) outlining staffing, training, operations, community engagement, and strategic efforts from July 1 through December 31, 2025, while also highlighting the workload, impact, and preparation underway for major regional events in 2026.

*18. **Discussion, consideration, and Possible Action to Provide Direction on Revenue Measure Options and Next Steps Including Engaging Professional Services to Support the Evaluation Effort in an amount Not to Exceed $80,000.**
RECOMMENDATION: Staff recommends that the Town Council consider:
1. Authorizing the Town Manager, or designee, to pursue special legislative authorization from the State Legislature in the 2026 session to exempt Los Gatos from the statewide 2 percent combined district sales tax cap, preserving the Town's legal ability to place a general transactions and use (sales) tax measure on the November 2026 ballot.
2. Authorizing the Town Manager, or designee, to engage specialized professional consultants to facilitate special legislative authority to preserve the option for a transactions and use tax and to engage other such professionals to properly inform the Town Council regarding a possible revenue measure not limited to a transaction and use tax for work up to and including potential action related to that specific measure.
3. Allocate $80,000 from the General Fund unassigned fund balance for professional services to continue work related to a possible revenue measure that the Town Council may consider for the November 2026 election.

COUNCIL / MANAGER MATTERS

19. **Mayor Request to Direct Staff to Evaluate Feasibility of Painting Red Curb Markings Near Intersection Crosswalks Under California's Daylighting Law.**
RECOMMENDATION: Mayor requests that the Town Council consider whether to support directing staff to evaluate the feasibility of strategically painting red curbs at select intersections, consistent with California's Daylighting Law, to enhance visibility and safety as part of normal operations.

CLOSED SESSION REPORT

ADJOURNMENT *(Council policy is to adjourn no later than midnight unless a majority of Council votes for an extension of time.)*

ADA NOTICE - In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Notification at least two (2) business days prior to the meeting date will enable the Town to make reasonable arrangements to ensure accessibility to this meeting [28 CFR §35.102-35.104].

NOTICE REGARDING SUPPLEMENTAL MATERIALS - Materials related to an item on this agenda submitted to the Town Council after initial distribution of the agenda packets are available for public inspection in the Clerk's Office at Town Hall, 110 E. Main Street, Los Gatos and on the Town's website at www.losgatosca.gov. Town Council agendas and related materials can be viewed online at https://losgatos-ca.municodemeetings.com/.

HOW TO PARTICIPATE

Members of the public may provide public comments for agenda items in-person or virtually through the Zoom Webinar by following the instructions listed below.
The public is welcome to provide oral comments in real-time during the meeting in three ways:

- **Zoom Webinar (Online)**: To participate from a PC, Mac, iPad, iPhone or Android device. Please use this URL to join: https://losgatosca-gov.zoom.us/j/86730363468?pwd=pfKQoh92JnbwOYwFvZqIdSSWpjxYoK.1 Passcode: **577971**. You can also type in **867 3036 3468** in the "Join a Meeting" page on the Zoom website at www.zoom.us and use passcode **577971**. When the Mayor announces the item for which you wish to speak, click the "raise hand" feature in Zoom.
- **Telephone**: To participate by phone please dial 1 (408) 961-3927 or 1 (855) 758-1310 for US Toll-free and use Meeting ID: **867 3036 3468**. When the Mayor announces the item for which you wish to speak, press *9 on your telephone keypad to raise your hand.
- **In-Person**: Please complete a "speaker's card" located on the back of the chamber benches and submit it to the Town Clerk before the meeting or when the Mayor announces the item for which you wish to speak.

NOTES: Comments will be limited to three (3) minutes or less at the Mayor's discretion. If you are unable to participate in real-time, you may email to Clerk@losgatosca.gov the subject line "Public Comment Item #__ " (insert the item number relevant to your comment).
Deadlines to submit written comments are:

-11:00 a.m. the Thursday before the Council meeting for inclusion in the agenda packet.
-11:00 a.m. the Friday and Monday before the Council meeting for inclusion in an addendum.
-11:00 a.m. the day of the Council meeting for inclusion in a desk item.

*Amended recommendation for Item 18.

TOWN OF LOS GATOS
COUNCIL CLOSED SESSION MINUTES

MEETING DATE: 01/20/2026
ITEM NO: 1

DRAFT
Minutes of the Town Council Special Meeting – Closed Session
Tuesday, December 16, 2025

The Town Council of the Town of Los Gatos conducted a special meeting in person to hold a Closed Session.

MEETING CALLED TO ORDER AT APPROXIMATELY 5:30 P.M.

ROLL CALL

Present: Mayor Rob Moore, Vice Mayor Maria Ristow, Council Member Mary Badame, Council Member Matthew Hudes, and Council Member Rob Moore.
Absent: None.

VERBAL COMMUNICATIONS (ONLY ON ITEMS ON THE AGENDA)

No one spoke.

Gabrielle Whelan, Town Attorney, announced the closed session titles as listed on the agenda.

THE TOWN COUNCIL MOVED TO CLOSED SESSION ON THE FOLLOWING ITEMS:

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Government Code Section 54956.9(a): Howard, Stuart v. Town of Los Gatos WCAB#: ADJ21195412
2. CONFERENCE WITH REAL PROPERTY NEGOTIATOR Government Code Section 54956.8
   Property: 208 E. Main Street
   Agency Negotiator(s): Chris Constantin, Town Manager; Katy Nomura, Assistant Town Manager
   Negotiating Parties: Town of Los Gatos and Nancy Rollett, Los Gatos-Saratoga Recreation
   Under Negotiation: Price and Terms of Lease

The Town Attorney announced that the Town Council authorized a Worker's Compensation Settlement for a claim of a former employee for $75,000; and stated there was no reportable action taken for the Real Property Negotiations item for 208 E Main Street.

ADJOURNMENT

The meeting adjourned at approximately 6:45 p.m.

Attest:

_____
Jenna De Long, Deputy Town Clerk

Submitted by:

_____
Chris Constantin, Town Manager

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 2

DRAFT
Minutes of the Town Council Meeting
Tuesday, December 16, 2025

The Town Council of the Town of Los Gatos conducted a regular meeting in person and via teleconference.

MEETING CALLED TO ORDER AT 7:00 P.M.

ROLL CALL

Present: Mayor Rob Moore, Vice Mayor Maria Ristow, Council Member Mary Badame, Council Member Matthew Hudes, Council Member Rob Rennie.
Absent: None.

PLEDGE OF ALLEGIANCE

Mayor Moore invited Council Member Hudes to lead the Pledge of Allegiance. The audience was invited to participate.

CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)

1. Approve the Minutes of the November 24, 2025, Special Town Council Meeting.
2. Approve the Minutes of the December 2, 2025, Closed Session Town Council Meeting.
3. Approve the Minutes of the December 2, 2025, Town Council Meeting.
4. Approve the Minutes of the December 9, 2025, Special Town Council Meeting.
5. Receive the October 2025 Monthly Financial and Investment Report and the Revised September 2025 Financial and Investment Report.
6. Adopt Council Committee Appointments Effective January 1, 2026.
7. Receive Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, and Adopt a Resolution Confirming June 30, 2025 Fund Balances in Accordance With Fiscal Year 2024-25 Final Audit and Town Council General Fund Reserve Policy. **RESOLUTION 2025-064**
8. Authorize the Town Manager to Execute a Notice of Completion for the Civic Center HR Offices and ADA Ramp Project (CIP No. 821-2117) and Authorize Staff to Record the Notice of Completion.
9. Adopt a Resolution Setting the Compensation and Benefits for Management and Confidential Employees. **RESOLUTION 2025-065**
10. Authorize the Town Manager to Reopen the Los Gatos Creek Trailhead Connector Project (4118503, 4218503; CIP 832-4505), Authorize Associated Budget Adjustments, and Authorize the Town Manager to Execute an Amendment to the Agreement for Services with Zoon Engineering.
11. Approve the 2026 Town Council Meeting Schedule.

Council Member Hudes made comments on items seven and nine.

Vice Mayor Ristow commented on item eleven.

Mayor Moore opened public comment.

No one spoke.

Mayor Moore closed public comment.

MOTION: **Motion** by **Vice Mayor Ristow** to approve consent items one through eleven. **Seconded** by **Council Member Hudes.**

VOTE: **Motion passed unanimously.**

VERBAL COMMUNICATIONS

Lynley Hogan
- Commented on various concerns.

Mr. R.
- Commented on various concerns.

OTHER BUSINESS

12. Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Gitta Ungvari. **RESOLUTION 2025-066**

Cheryl Parkman, Human Resources Director, presented the item.

Mayor Moore opened public comment.

No one spoke.

Mayor Moore closed public comment.

MOTION: **Motion** by **Council Member Hudes** to adopt a resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Gitta Ungvari as the interim Administrative Services Director in the Finance Department. **Seconded** by **Council Member Badame.**

VOTE: **Motion passed unanimously.**

13. Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Jose Reyes. **RESOLUTION 2025-067**

Cheryl Parkman, Human Resources Director, presented the item.

Mayor Moore opened public comment.

No one spoke.

Mayor Moore closed public comment.

MOTION: **Motion** by **Council Member Badame** to adopt a resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Jose Reyes as extra help in the Police Department. **Seconded** by **Council Member Hudes.**

VOTE: **Motion passed unanimously.**

14. Adopt a Resolution for the California Public Employees' Retirement System Retirement Plan to Waive the 180-day Retiree Rehire Wait Period for Janette Judd. **RESOLUTION 2025-068**

Cheryl Parkman, Human Resources Director, presented the item.

Mayor Moore opened public comment.

No one spoke.

Mayor Moore closed public comment.

MOTION: **Motion** by **Vice Mayor Ristow** to adopt a resolution for the California Public Employees' Retirement System Retirement Plan to waive the 180-day retiree rehire wait period and to appoint Janette Judd as Interim Executive Assistant to the Town Manager in the Town Manager's Office. **Seconded** by **Council Member Badame.**

VOTE: **Motion passed unanimously.**

15. Discuss, Consider, and Provide Direction to Modify the Town of Los Gatos Flag Policy for Town Owned Flagpoles, Including Potential Future Display of the Pride Flag During LGBTQ+ Pride Month in June 2026.

Chris Constantin, Town Manager, presented the item.

Mayor Moore opened public comment.

Autumn
- Commented in support of a flag policy that allows the Progress Pride flag.

Elijah Asheghan
- Commented in support of raising the Pride flag.

Cece Pollesch
- Expressed concerns and requested that Council focus on other issues.

Terry Hernandez, President of Pride Social South County
- Commented in support of raising the Pride flag.

Lech Szumilas
- Commented on promoting all portions of the community, instead of focusing on only one.

Dr. Franklin
- Commented on concerns with commemorative flags.

Mrs. Franklin
- Commented on concerns with allowing non-governmental flags.

Maureen Heath
- Commented in support of a commemorative flag policy and raising the Pride flag.

Rick Koscielnizk
- Commented on general concerns.

Sue Ann Lorig
- Commented in support of raising the Pride flag.

Nancy Murphy
- Commented on general concerns and maintaining the current policy.

John Shepherd
- Commented in support of raising the Pride flag.

Nova Jayaraj
- Commented in support of raising the Pride flag.

Eric Linag
- Commented in support of raising the Pride flag.

Guy Shaham, Los Gatos-Saratoga Youth Advocacy
- Commented in support of raising the Pride flag.

Alicia
- Commented in support of raising the Pride flag.

Louisa Horwath, Los Gatos-Saratoga Youth Advocacy
- Commented in support of raising the Pride flag.

Preston Kauk
- Commented on general concerns and opposed amending the flag policy.

Ali Miano
- Commented in support of raising the Pride flag.

Craig Gleason
- Commented in support of raising the Pride flag.

Mary Buxton
- Commented in support of raising the Pride flag.

Alex Sanchez Silva
- Commented in support of raising the Pride flag.

Kathryn McDowell
- Commented on concerns with allowing non-governmental flags.

Jeff Suzuki, Los Gatos Anti Racism Coalition
- Commented in support of raising the Pride flag.

Gus Who
- Commented on the use of flags.

Kathryn Schmit
- Express interest in what neighboring communities are doing.

Ken Windham
- Commented on general concerns and maintaining the current policy.

Erica Weinstein
- Commented in support of raising the Pride flag.

Riley
- Commented in support of the Pride flag and option two in the staff report.

Lee Quintana
- Commented in support of amending the flag policy.

Debbie Wilson
- Commented on religion and the Appeal to Heaven flag.

Chris Wiley
- Commented on allowing other commemorative flags.

Gordon Yamate
- Commented in support of raising the Pride flag.

Melissa Weiss
- Commented in support of previous speakers supporting the Pride flag.

Amanda Flowers
- Commented in support of the Pride flag and option two in the staff report.

Martha
- Commented in support of option two to create a commemorative flag policy.

Ken Yeager, Former San Jose City Council Member
- Commented in support of raising the Pride flag.

Kylie
- Commented in support of amending the flag policy and raising the Pride flag.

Sue Ahmadian
- Commented in support of raising the Pride flag.

Ziwa
- Commented in support of raising the Pride flag.

Ali Payne
- Commented in support of raising the Pride flag.

Kinsley Lee, Los Gatos Anti Racism Coalition
- Commented in support of raising the Pride flag.

Sera Fernando, Office of LGBTQ+ Affairs Santa Clara County
- Commented in support of raising the Pride flag.

Emily Thomas
- Commented in support of option two in the staff report and raising the Pride flag.

Mayor Moore closed public comment.

Mayor Moore called a recess at 9:13 p.m. and reconvened the meeting at 9:21 p.m.

The Council asked questions and discussed the item.

MOTION: **Motion** by **Vice Mayor Ristow** to authorize staff to move forward with option two, which is creating, for our review, a written flag display policy that designates Town flag poles as Government Speech, limits routine display to Government flags, and allows the Town Council to authorize commemorative flags by resolution on a case-by-case basis, and direct staff to return with a Pride flag resolution which would adopt a commemorative flag structure in option 1 and simultaneously return with resolution authorizing display of the progress Pride flag during June 2026 and in that resolution provide options between supermajority and a majority. **AMENDMENT**: direct staff to come back with information on how the eleven of the fifteen Santa Clara County cities achieved raising the flag. **Seconded** by **Mayor Moore.**

VOTE: **Motion passed 4-1. Council Member Badame voted no.**

16. Approve the Senior Services Roadmap Update and Next Steps.

Katy Nomura, Assistant Town Manger introduced Jen Fosco, Senior Services Coordinator, to present the item.

Mayor Moore opened public comment.

Elenor Yick, Community Health and Senior Services Commission Chair
- Commented on items in the report.

Mayor Moore closed public comment.

Council asked questions and discussed the item.

MOTION: **Motion** by **Council Member Hudes** to approve the report. **Seconded** by **Vice Mayor Ristow.**

VOTE: **Motion passed unanimously.**

17. Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update.

Chris Todd, Emergency Services Coordinator, presented the item.

Mayor Moore opened public comment.

No one spoke.

Mayor Moore closed public comment.

Council asked questions, discussed the item, and provided direction. Council consensus was to identify external funding sources and determine priorities.

There was no action taken on this item.

18. Adopt by Resolution "Statement and Findings" in Response to a Challenged Conduct Notice Submitted Regarding a Planning Application for the Proposed Project at 14288 Capri Drive. **RESOLUTION 2025-069**

Gabreille Whelan, Town Attorney, presented the item.

Mayor Moore opened public comment.

Ben, Applicant Representative
- Commented on compliance with state housing laws and requested this item be discussed in closed session.

Mayor Moore closed public comment.

The Council asked questions and discussed the item.

MOTION: **Motion** by **Council Member Badame** to adopt by resolution "Statement and Findings" in response to a Challenged Conduct Notice submitted regarding a planning application for the proposed project at 14288 Capri Drive. **Seconded** by **Vice Mayor Ristow.**

VOTE: **Motion passed unanimously.**

19. Adopt the Revised Town Agenda Format and Rules Policy 2-01. **COUNCIL POLICY 2-01**

Mayor Moore stated that this item will be rescheduled for the next regular meeting on January 20, 2025.

COUNCIL/TOWN MANAGER REPORTS

Council Matters

- Council Member Rennie stated he toured Cinnamon Solar; attended a Silicon Valley Clean Energy Authority (SVCEA) Board meeting and a SVCEA Board Business Strategy Workshop.
- Council Member Hudes stated he spoke at the Kiwanis event; met with the Community Center Group, met representatives from Avenidas; participated in the Tree Lighting event, the Children's Holiday Parade, a Council Policy Committee meeting, a County Board of Supervisors meeting, a Community Health and Senior Services Commission meeting, and the Hannukkah on Main Street event.
- Vice Mayor Ristow stated she served the staff at the All-Town Staff Winter Luncheon, attended the Los Gatos in Lights event, the Children's Parade, the Cities Association Holiday Dinner; met with the property owner and developer for 647 Santa Cruz Avenue; attended the SVCEA Board Study Session, the Hannukkah on Main Street event, the St. Lukes Christmas party for the unhoused, and a celebration of life for Pam Bancroft.
- Council Member Badame stated she attended the All-Town Employee Recognition Luncheon, the Tree Lighting, the Children's Holiday Parade, a Council Policy Committee meeting, a meeting of the K9 companions' event at Los Gatos High School, and was a guest speaker at the Democracy Tent.
- Mayor Moore stated he had his first ribbon cutting as Mayor for the Magical Memories Santa's Workshop; participated in the Wreaths Across America Ceremony; gave remarks at Hannukkah on Main Street event; attended the All-Town Staff Luncheon, Los Gatos in Lights event, the Children's Holiday Parade, and participated in the West Valley Solid Waste District Authority (WVSDA) interviews to select the next District Manager.

Town Manager Matters

Chris Constantin, Town Manager

- Announced Town Administrative Offices will be closed Wednesday, December 24, 2025, through Friday, January 2, 2026. Services will resume Monday, January 5, 2026.
- Announced the Library will be closed Wednesday, December 24, 2025, through Friday, January 2, 2026. Services will resume Saturday, January 3, 2026.
- Announced the next Town Council Meeting will be January 13, 2026.

Closed Session Report

Gabrielle Whelan, Town Attorney

- Announced there were two closed session items, one was a conference with legal counsel regarding existing litigation and reported that the Town Council authorized a Worker's Compensation Settlement of a claim of a former employee for $75,000. The second item was real property negotiations for 208 E. Main Street and there was no reportable action.

ADJOURNMENT

The meeting adjourned at 11:55 p.m.

Respectfully Submitted:

_____
Jenna De Long, Deputy Town Clerk

TOWN OF LOS GATOS
COUNCIL CLOSED SESSION MINUTES

MEETING DATE: 01/20/2026
ITEM NO: 3

DRAFT
Minutes of the Town Council Special Meeting – Closed Session
Tuesday, January 13, 2026

The Town Council of the Town of Los Gatos conducted a special meeting in person to hold a Closed Session.

MEETING CALLED TO ORDER AT APPROXIMATELY 4:01 P.M.

ROLL CALL
Present: Mayor Rob Moore, Vice Mayor Maria Ristow, Council Member Mary Badame, Council Member Matthew Hudes, and Council Member Rob Moore.
Absent: None.

VERBAL COMMUNICATIONS (ONLY ON ITEMS ON THE AGENDA)
No one spoke.

Gabrielle Whelan, Town Attorney, announced the closed session titles as listed on the agenda.

THE TOWN COUNCIL MOVED TO CLOSED SESSION ON THE FOLLOWING ITEMS:

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Paragraph (1) of subdivision (d) of Government Code Section 54956.9) Case Name: Los Gatos LLC (Capri) v. Town of Los Gatos Santa Clara County Superior Court Case Number: 25CV467536

There was no reportable action.

ADJOURNMENT
The meeting adjourned at approximately 4:26 p.m.

Attest:

_____
Jenna De Long, Deputy Town Clerk

Submitted by:

_____
Chris Constantin, Town Manager

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 4

DATE: January 13, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the Monthly Financial and Investment Report for November 2025**

RECOMMENDATION: Receive the Monthly Financial and Investment Reports for November 2025

FISCAL IMPACT:

There is no fiscal impact from the receipt of this report.

STRATEGIC PRIORITY:

This item aligns with the strategic priority to ensure prudent financial management.

BACKGROUND:

California Government Code Section 41004 requires that the Town Treasurer submit to the Town Clerk and the legislative body a written report and accounting of all receipts, disbursements, and fund balances. The Finance Director assumes the Town Treasurer role. Attachment 1 contains the November 2025 monthly Financial and Investment Report, which fulfills this requirement.

The November 2025 Monthly Financial and Investment Report was received by the Finance Commission at its January 12, 2026, regular meeting.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Administrative Services Director

DISCUSSION:

The November 2025 Monthly Financial and Investment Report includes a Fund Balance Schedule, representing estimated funding available for all funds at the beginning of the fiscal year and at the end of the respective month.

As operations fluctuate month to month, there are differences between balances in one month and balances in another. Such differences may be significant due to the type of activity in those months and the timing of any estimates used in the presentation, based on the information available. This is demonstrated by the attached November 30, 2025, fund balance report. In the case that the differences are extraordinary and unanticipated, we will ensure we present more information to explain the differences.

The difference between the November 30 and October 31 estimated fund balance is due to normal day-to-day fluctuations in revenues and expenditures.

Please note that the amount in the Fund Schedule differs from the Portfolio Allocation and Treasurer's Cash Fund Balances Summary schedule because assets and liabilities are components of the Fund Balance.

As illustrated in the summary below, Ending Fund Balance = Cash + Assets - Liabilities, which represents the actual amount of funds available.

Reconciling Cash to Fund Balance - November 30, 2025		
Total Cash	$	69,422,880
Plus: Assets	$	18,093,225
Less: Liabilities	$	(24,512,023)
Estimated Fund Balance	**$**	**63,004,082**

As of November 30, 2025, the Town's financial position (Cash Plus Other Assets $87.51M, Liabilities $24.51M, and Fund Equity $63.00M) remains strong, and the Town has sufficient funds to meet the cash demands for the next six months.

As of November 30, 2025, the Town's weighted portfolio yield for investments under management was 4.27%, which was 17 basis points above the Local Agency Investment Fund (LAIF) yield of 4.10% for the same reporting period. Currently, the LAIF portfolio's weighted average maturity (WAM) is 247 days versus the Town's longer WAM of 631 days. The Town's assets under management reflect the Town's selection of the 1-3 year benchmark investment strategy through the Town's investment advisor to lock in higher yields at the top of the interest rate cycle. The longer maturities are balanced with shorter-term yields available on investments held with the State's LAIF. The Town's weighted average rate of return on

investments under management of 4.27% at the close of November was 1 basis point lower when compared to the prior month's return of 4.28% reported as of October 31, 2025.

Since November 2024, LAIF yields decreased from 445 basis points (4.45%) to 427 basis points (4.27%) through the end of November 2025. The State LAIF pool typically lags the market when current market yields are either increasing or decreasing.

The Federal Open Market Committee implemented three rate cuts in 2025. The first, on September 17, reduced the federal funds target range by 25 basis points to 4.00%–4.25% amid slower economic growth in the first half of the year and emerging signs of labor-market softening. A second 25-basis-point cut on October 29 brought the range down to 3.75%–4.00% as labor-market weakness and broader economic uncertainty persisted. At its December 10 meeting, the Committee approved a final 25-basis-point reduction to 3.50%–3.75%, reflecting ongoing concerns about the economic outlook. These adjustments align with the FOMC's objective to promote maximum employment and achieve a year-over-year inflation target of 2%.

The payrolls report for September showed 119,000 new jobs, above consensus expectations of 50,000, with job gains heavily concentrated in healthcare and leisure and hospitality. There were 33,000 worth of downward revisions to the previous two months. The unemployment rate rose from 4.3% to 4.4%, its highest level since 2021.

The Town's investments are in compliance with the Town's Investment Policy dated March 18, 2025, and are also in compliance with the requirements of Section 53600 et seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

CONCLUSION:

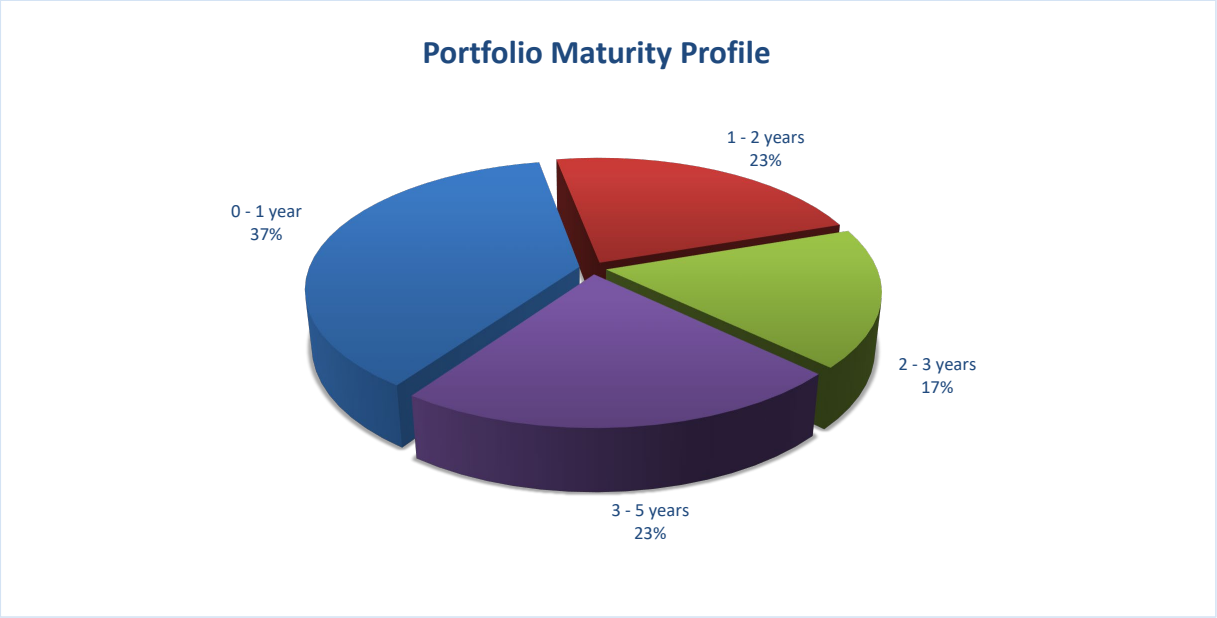
Receive the Monthly Financial and Investment Report for November 2025.

Attachments:
1. Financial and Investment Report (November 2025)

Town of Los Gatos
Summary Investment Information
November 30, 2025

Weighted Average YTM Portfolio Yield on Investments under Management	**4.27%**
Weighted Average Maturity (days)	**631**

	This Month	Last Month	One year ago
Portfolio Allocation & Treasurer's Cash Balances	$69,422,880	$66,741,033	$69,393,525
Managed Investments	$52,567,837		
Local Agency Investment Fund	$9,497,276		
Reconciled Demand Deposit Balances	$7,357,767		
Portfolio Allocation & Treasurer's Cash Balances	$69,422,880		
Benchmarks/ References:			
Town's Average Yield	4.27%	4.28%	4.45%
LAIF Yield for month	4.10%	4.15%	4.48%
3 mo. Treasury	3.80%	3.80%	4.49%
6 mo. Treasury	3.76%	3.80%	4.44%
2 yr. Treasury	3.49%	3.57%	4.15%
5 yr. Treasury	3.60%	3.69%	4.05%
10 Yr. Treasury	4.01%	4.08%	4.17%

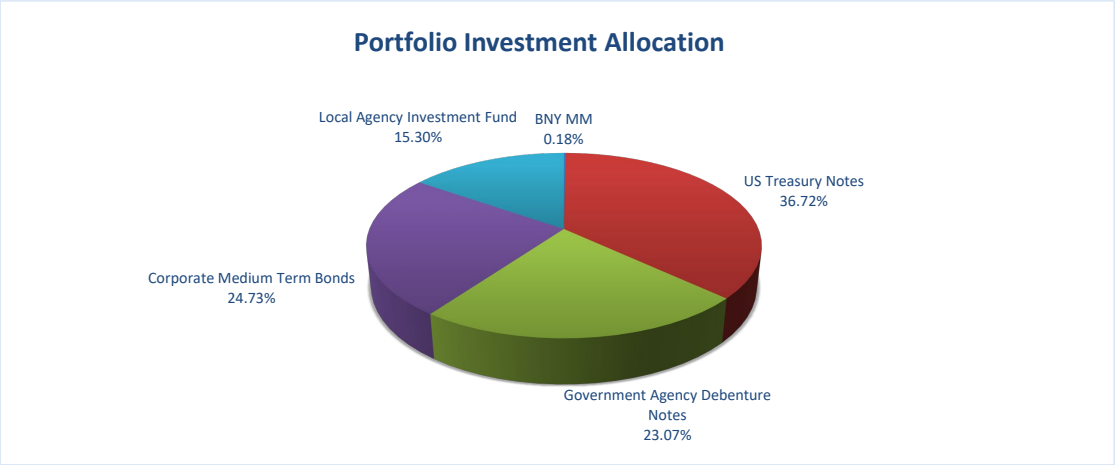


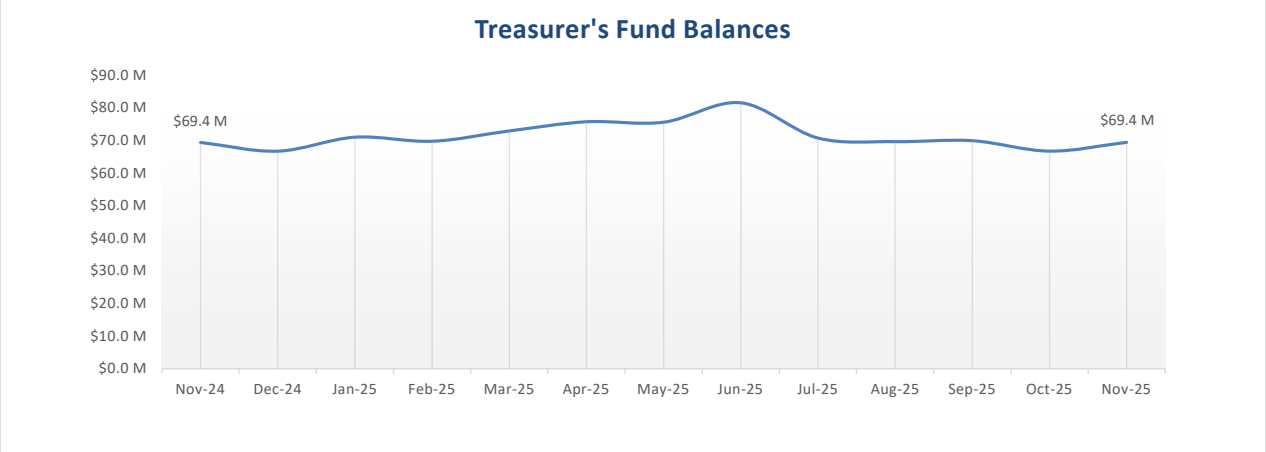
Compliance: The Town's investments are in compliance with the Town's investment policy dated March 18, 2025, and also in compliance with the requirements of Section 53600 at seq. of the California State Code. Based on the information available, the Town has sufficient funds to meet the cash demands for the next six months.

Town of Los Gatos
Portfolio Allocation & Treasurer's Cash Balances
November 30, 2025

	Month	YTD
Cash & Investment Balances - Beginning of Month/Period	$ 66,741,032.53	$ 81,558,113.19
Receipts	6,477,056.70	33,566,774.77
Disbursements	(3,795,209.34)	(45,702,008.07)
Cash & Investı Cash & Investment Balances - End of Month/Period	$69,422,879.89	$69,422,879.89

Portfolio Allocation	Amount	% of Portfolio	Max. % or $ Allowed per State Law or Policy
BNY MM	$110,383.98	0.18%	20% of Town Portfolio
US Treasury Notes	$22,792,656.94	36.72%	No Max. on US Treasuries
Government Agency Debenture Notes	$14,316,775.31	23.07%	No Max. on Non-Mortgage Backed
Corporate Medium Term Bonds	$15,348,020.30	24.73%	30% of Town Portfolio
Local Agency Investment Fund	$9,497,275.92	15.30%	$75 M per State Law
Subtotal - Investments	62,065,112.45	100.00%	
Reconciled Demand Deposit Balances	7,357,767.44		
Total Portfolio Allocation & Treasurer's Cash Balances	$69,422,879.89		





Town of Los Gatos
Non-Treasury Restricted Fund Balances
November 30, 2025

	Beginning Balance	November 2025 Deposits Realized Gain/Adj.	November 2025 Interest/ Earnings	November 2025 Withdrawals	Ending Balance	
Non-Treasury Funds:						
Cert. of Participation 2002 Ser A Reserve Fund	$ 692,788.96	$ -	$ 2,098.77	$ -	$ 694,887.73	**Note 1**
Cert. of Participation 2010 Ser Lease Payment Fund	2,633.14	-	8.73	-	2,641.87	**Note 2**
Cert. of Participation 2002 Ser A Lease Payment Fund	14,383.52	-	43.57	-	14,427.09	**Note 1**
Cert. of Participation 2010 Ser Reserve Fund	1,294,973.82	-	4,298.20	-	1,299,272.02	**Note 2**
Total Restricted Funds:	$ 2,004,779.44	$ -	$ 6,449.27	$ -	$ 2,011,228.71	
CEPPT IRS Section 115 Trust	3,218,153.98	-	19,471.34	-	$ 3,237,625.32	**Note 3**
Grand Total COP's and CEPPT Trust	$ 5,222,933.42	$ -	$ 25,920.61	$ -	$ 5,248,854.03	

These accounts are not part of the Treasurer's fund balances reported elsewhere in this report, as they are for separate and distinct entities.

Note 1: The three original funds for the Certificates of Participation 2002 Series A consist of construction funds which will be expended over the next few years, reserve funds which will guarantee the payment of lease payments, and a third fund for the disbursement of lease payments and initial delivery costs.

Note 2: The 2010 COP Funds are all for the Library construction, reserves to guarantee lease payments, and a lease payment fund for the life of the COP issue. The COI fund was closed in September 2010.

Note 3: The CEPPT IRS Section 115 Trust was established as an irrevocable trust dedicated to accumulate resources to fund the Town's unfunded liabilities related to pension and other post employment benefits.

Town of Los Gatos
Statement of Interest Earned
November 30, 2025

July 2025	$	238,713.97
August 2025	$	238,367.28
September 2025	$	259,685.13
October 2025	$	228,769.00
November 2025	$	220,968.79
December 2025	$	-
January 2026	$	-
February 2026	$	-
March 2026	$	-
April 2026	$	-
May 2026	$	-
June 2026	$	-
	$	1,186,504.17

Town of Los Gatos
Investment Schedule
November 30, 2025

Institution	CUSIP #	Security	Coupon	Deposit Date	Par Value	Original Cost	Original Issue (Discount) Premium	Market Value	Market Value Above (Under) Cost	Purchased Interest	Maturity Date or Call Date	Yield to Maturity or Call	Interest Received to Date	Interest Earned Prior Yrs.	Interest Earned Current FY	Days to Maturity
Apple	037833DB3	Corporate Bond	2.90%	12/20/2022	1,300,000.00	1,228,591.00	(71,409.00)	1,283,165.00	54,574.00		6/21/2027	4.19%	$ 102,837.22	$ 135,426.07	$ 22,448.74	568
Home Depot	437076BM3	Corporate Bond	3.00%	8/4/2022	1,000,000.00	991,960.00	(8,040.00)	996,450.00	4,490.00		1/1/2026	3.04%	$ 94,750.00	$ 94,051.74	$ 13,562.60	32
FFCB	3133EN5V8	Gov. Agency Debenture	4.13%	1/17/2023	236,000.00	239,174.20	3,174.20	237,113.92	(2,060.28)		1/11/2027	3.76%	$ 24,175.25	$ 21,918.24	$ 3,746.92	407
US Treasury	91282CBT7	US Treasury Note	0.75%	9/30/2022	800,000.00	712,565.18	(87,434.82)	792,088.00	79,522.82		3/31/2026	4.14%	$ 18,000.00	$ 85,193.12	$ 12,982.62	121
JP Morgan Chase	46625HRS1	Corporate Bond	3.20%	9/23/2022	500,000.00	474,660.00	(25,340.00)	497,700.00	23,040.00		3/15/2026	4.70%	$ 43,644.44	$ 64,505.94	$ 9,762.03	105
FHLB	3130AQF65	Gov. Agency Debenture	1.25%	11/30/2022	1,300,000.00	1,160,559.40	(139,440.60)	1,270,503.00	109,943.60		12/21/2026	4.15%	$ 41,572.92	$ 130,709.25	$ 21,207.33	386
FHLB	3130APJH9	Gov. Agency Debenture	1.00%	1/17/2023	1,000,000.00	907,010.00	(92,990.00)	987,430.00	80,420.00		10/28/2026	4.17%	$ 28,354.17	$ 84,829.28	$ 14,501.54	332
FFCB	3133EN5N6	Gov. Agency Debenture	4.00%	2/8/2023	1,700,000.00	1,706,732.00	6,732.00	1,711,679.00	4,947.00		1/6/2028	3.91%	$ 163,955.56	$ 159,363.33	$ 27,929.66	767
American Honda	02665WED9	Corporate Bond	4.70%	5/11/2023	600,000.00	608,856.00	8,856.00	608,202.00	(654.00)		1/12/2028	4.34%	$ 61,178.33	$ 56,288.41	$ 11,027.05	773
US Treasury	91282CEF4	US Treasury Note	2.50%	6/9/2023	1,500,000.00	1,416,626.12	(83,373.88)	1,479,135.00	62,508.88		3/31/2027	4.09%	$ 86,577.87	$ 122,333.72	$ 24,889.71	486
US Treasury	91282CGA3	US Treasury Note	4.00%	6/20/2023	2,100,000.00	2,080,558.59	(19,441.41)	2,099,979.00	19,420.41		12/15/2025	4.40%	$ 166,852.46	$ 186,379.78	$ 38,483.28	15
Colgate-Palmolive	194162AR4	Corporate Bond	4.60%	7/14/2023	500,000.00	504,655.00	4,655.00	509,235.00	4,580.00		2/1/2028	4.37%	$ 49,002.79	$ 43,173.83	$ 9,212.82	793
FFCB	3133EPQC2	Gov. Agency Debenture	4.63%	7/17/2023	500,000.00	501,957.50	1,957.50	502,395.00	437.50		7/17/2026	4.48%	$ 46,250.00	$ 43,961.07	$ 9,420.23	229
FFCB	3133EPBM6	Gov. Agency Debenture	4.13%	7/14/2023	600,000.00	596,220.00	(3,780.00)	605,754.00	9,534.00		8/23/2027	4.29%	$ 52,181.25	$ 50,424.13	$ 10,759.96	631
PNC Bank	69353RFJ2	Corporate Bond	3.25%	7/25/2023	1,000,000.00	921,490.00	(78,510.00)	989,430.00	67,940.00		12/23/2027	5.23%	$ 64,729.17	$ 97,247.67	$ 21,074.92	753
US Treasury	91282CFU0	US Treasury Note	4.13%	7/31/2023	1,300,000.00	1,290,660.60	(9,339.40)	1,314,677.00	24,016.40		10/31/2027	4.31%	$ 120,656.25	$ 107,052.11	$ 23,398.53	700
Toyota Motor Credit	89236TKL8	Corporate Bond	5.45%	8/25/2023	1,600,000.00	1,617,168.00	17,168.00	1,647,072.00	29,904.00		11/10/2027	5.16%	$ 192,566.67	$ 153,725.55	$ 34,844.46	710
US Treasury	912810FE3	US Treasury Note	5.50%	10/3/2023	1,200,000.00	1,238,207.14	38,207.14	1,262,904.00	24,696.86		8/15/2028	4.76%	$ 123,211.96	$ 101,335.84	$ 24,377.96	989
Pepsico Inc	713448DF2	Corporate Bond	2.85%	10/16/2023	1,000,000.00	947,570.00	(52,430.00)	996,930.00	49,360.00		11/24/2025	5.24%	$ 52,883.33	$ 91,065.84	$ 21,487.45	0
FFCB	3133EPUW3	Gov. Agency Debenture	4.75%	10/13/2023	1,000,000.00	994,338.00	(5,662.00)	1,007,820.00	13,482.00		9/1/2026	4.96%	$ 89,458.33	$ 84,828.57	$ 20,732.86	275
US Treasury	91282CEW7	US Treasury Note	3.25%	10/16/2023	1,000,000.00	950,039.06	(49,960.94)	995,590.00	45,550.94		6/30/2027	4.73%	$ 55,461.96	$ 78,477.53	$ 19,272.97	577
US Treasury	91282CEN7	US Treasury Note	2.75%	10/31/2023	1,300,000.00	1,214,336.39	(85,663.61)	1,285,479.00	71,142.61		4/30/2027	4.82%	$ 71,500.00	$ 100,336.49	$ 25,249.15	516
US Treasury	91282CCH2	US Treasury Note	1.25%	12/21/2023	900,000.00	798,647.55	(101,352.45)	850,536.00	51,888.45		6/30/2028	3.99%	$ 17,180.71	$ 51,319.84	$ 14,096.83	943
FNMA	3135G0Q22	Gov. Agency Debenture	1.88%	12/21/2023	900,000.00	845,676.00	(54,324.00)	886,950.00	41,274.00		9/24/2026	4.22%	$ 29,671.88	$ 55,770.03	$ 15,319.24	298
US Treasury	91282CFB2	US Treasury Note	2.75%	1/2/2024	1,000,000.00	960,354.91	(39,645.09)	987,270.00	26,915.09		7/31/2027	3.95%	$ 43,417.12	$ 57,605.73	$ 16,171.88	608
US Treasury	91282CHE4	US Treasury Note	3.63%	1/17/2024	1,800,000.00	1,775,185.72	(24,814.28)	1,805,832.00	30,646.28		5/31/2028	3.97%	$ 121,942.63	$ 102,986.91	$ 29,730.18	913
JP Morgan Chase	46647PDG8	Corporate Bond	4.85%	2/1/2024	1,400,000.00	1,396,528.00	(3,472.00)	1,418,592.00	22,064.00		7/25/2027	4.93%	$ 100,739.10	$ 97,231.80	$ 28,886.34	602
US Bancorp	91159HJF8	Corporate Bond	4.55%	2/5/2024	1,000,000.00	989,200.00	(10,800.00)	1,007,710.00	18,510.00		7/22/2027	4.89%	$ 66,577.67	$ 68,041.60	$ 20,372.53	599
Treasury	91282CHB0	US Treasury Note	3.63%	2/23/2024	1,175,000.00	1,151,962.92	(23,037.08)	1,174,189.25	22,226.33		5/15/2026	4.56%	$ 73,485.92	$ 71,517.53	$ 22,195.10	166
FHLB	3130AXB31	Gov. Agency Debenture	4.88%	2/27/2024	1,000,000.00	1,003,060.00	3,060.00	1,003,020.00	(40.00)		3/13/2026	4.72%	$ 76,104.17	$ 63,303.13	$ 19,806.50	103
FFCB	3133EP5U5	Gov. Agency Debenture	4.13%	3/28/2024	1,700,000.00	1,687,981.00	(12,019.00)	1,730,226.00	42,245.00		3/20/2029	4.28%	$ 103,629.17	$ 91,219.09	$ 30,406.36	1206
US Treasury	9128285M8	US Treasury Note	3.13%	4/30/2024	1,200,000.00	1,123,832.14	(76,167.86)	1,187,580.00	63,747.86		11/15/2028	4.69%	$ 57,795.34	$ 63,313.82	$ 22,739.47	1081
Cisco Systems	17275RBR2	Corporate Bond	4.85%	5/15/2024	1,000,000.00	999,130.00	(870.00)	1,027,690.00	28,560.00		1/26/2029	4.87%	$ 62,106.94	$ 54,820.58	$ 20,407.66	1153
Home Depot	437076CW0	Corporate Bond	4.90%	5/17/2024	1,000,000.00	1,001,790.00	1,790.00	1,029,310.00	27,520.00		4/15/2029	4.86%	$ 69,144.44	$ 54,498.76	$ 20,387.07	1232
Treasury	91282CJR3	US Treasury Note	3.75%	5/31/2024	1,200,000.00	1,154,629.02	(45,370.98)	1,208,628.00	53,998.98		12/31/2028	4.68%	$ 48,708.79	$ 59,398.06	$ 23,007.35	1127
American Honda	02665WEY3	Corporate Bond	4.95%	6/27/2024	1,000,000.00	995,640.00	(4,360.00)	1,000,590.00	4,950.00		1/9/2026	5.25%	$ 51,287.50	$ 52,766.88	$ 21,938.41	40
FHLB	3130B1BT3	Gov. Agency Debenture	4.88%	7/2/2024	1,150,000.00	1,150,966.00	966.00	1,157,406.00	6,440.00		6/12/2026	4.82%	$ 47,341.67	$ 55,261.42	$ 23,292.01	194
Citibank	17325FBK3	Corporate Bond	4.84%	8/15/2024	1,250,000.00	1,263,062.50	13,062.50	1,282,712.50	19,650.00		7/6/2029	4.60%	$ 58,963.12	$ 50,520.38	$ 24,230.78	1314
FNMA	3135G05Y5	Gov. Agency Debenture	0.75%	9/10/2024	1,100,000.00	1,010,724.00	(89,276.00)	1,045,803.00	35,079.00		10/8/2027	3.56%	$ 8,891.67	$ 29,915.45	$ 15,621.38	677
US Treasury	91282CFL0	US Treasury Note	3.88%	12/3/2024	1,100,000.00	1,088,144.31	(11,855.69)	1,112,595.00	24,450.69		9/30/2029	4.12%	$ 35,130.49	$ 25,813.46	$ 18,896.93	1400
FHLB	3130ATUT2	Gov. Agency Debenture	4.50%	2/12/2025	505,000.00	508,253.21	3,253.21	522,574.00	14,320.79		12/14/2029	4.35%	$ 7,701.25	$ 8,337.70	$ 9,243.98	1475
FFCB	3133ER5X5	Gov. Agency Debenture	3.88%	3/12/2025	1,000,000.00	998,480.00	(1,520.00)	1,005,990.00	7,510.00		3/7/2028	3.93%	$ 18,836.81	$ 11,831.34	$ 16,456.31	828
Treasury	91282CJF9	US Treasury Note	4.88%	3/31/2025	1,100,000.00	1,130,167.75	30,167.75	1,141,503.00	11,335.25		10/31/2028	4.04%	$ 31,256.56	$ 11,273.90	$ 18,955.02	1066
State Street Corp	857477CD3	Corporate Bond	5.27%	4/30/2025	800,000.00	811,184.00	11,184.00	806,272.00	(4,912.00)		8/3/2026	4.04%	$ 10,895.47	$ 5,565.50	$ 13,959.36	246
Freddie Mac	3134HAW33	Gov. Agency Debenture	4.75%	4/30/2025	1,000,000.00	1,005,644.00	5,644.00	1,003,990.00	(1,654.00)		12/18/2029	4.23%	$ 6,993.07	$ 7,735.00	$ 19,400.90	1479
US Treasury	91282CNG2	US Treasury Note	4.00%	6/30/2025	660,000.00	665,184.24	5,184.24	671,371.80	6,187.56		5/31/2030	3.82%	$ 11,036.08	$ -	$ 10,624.66	1643
US Treasury	91282CMG3	US Treasury Note	4.25%	8/4/2025	825,000.00	842,308.43	17,308.43	846,557.25	4,248.82	381.11	1/31/2030	3.74%	$ (381.11)	$ -	$ 10,090.67	1523
US Treasury	91282CMA6	US Treasury Note	4.13%	8/25/2025	1,200,000.00	1,218,847.77	18,847.77	1,225,032.00	6,184.23		11/30/2029	3.72%	$ 13,118.86	$ -	$ 11,981.35	1461
US Treasury	91282CHR5	US Treasury Note	4.00%	9/23/2025	950,000.00	967,036.38	17,036.38	966,406.50	(629.88)	5,576.08	7/31/2030	3.59%	$ (5,576.08)	$ -	$ 6,425.69	1704
US Treasury	91282CGQ8	US Treasury Note	4.00%	10/3/2025	1,000,000.00	1,013,362.72	13,362.72	1,016,680.00	3,317.28	3,646.41	2/28/2030	3.67%	$ (3,646.41)	$ -	$ 5,874.48	1551
State Street Corp	857477DB6	Corporate Bond	4.83%	11/10/2025	580,000.00	596,535.80	16,535.80	598,130.80	1,595.00	1,246.09	4/24/2030	4.13%	$ (1,246.09)	$ -	$ 1,332.89	1606
Subtotal					$ 53,531,000.00	$ 52,457,452.55	$ (1,073,547.45)	$ 53,801,878.02	$ 1,344,425.47	$ 10,849.69			$ 2,910,906.67	$ 3,242,675.42	$ 932,224.09	
BNY MM		Money Market				110,383.98		110,383.98	0.00			0.00%				1
LAIF		State Investment Pool				9,497,275.92		9,515,601.68	18,325.76			4.10%			222,364.63	1
						62,065,112.45		**$63,427,863.68**	**$1,362,751.23**	**$10,849.69**			$ 2,910,906.67	$ 3,242,675.42	$ 1,154,588.72	
Matured Assets																
US Treasury	91282CAB7	US Treasury Note	0.25%	11/15/2023	675,000.00	623,900.39	(51,099.61)				7/31/2025	4.92%	$ 2,884.34	$ 51,302.62	$ 2,681.92	
FHLB	3135G05X7	Gov. Agency Debenture	0.38%	6/10/2022	1,200,000.00	1,102,952.40	(97,047.60)				8/25/2025	3.04%	$ 14,437.50	$ 106,169.42	$ 5,327.50	
FFCB	3133ENP95	Gov. Agency Debenture	4.25%	9/30/2022	900,000.00	900,939.60	939.60				9/30/2025	4.14%	$ 114,750.00	$ 104,352.97	$ 9,562.22	
Freddie Mac	3137EAEX3	Gov. Agency Debenture	0.38%	5/1/2023	750,000.00	689,032.50	(60,967.50)				9/23/2025	3.97%	$ 6,734.37	$ 61,146.74	$ 6,570.76	
FannieMae	3135G06G3	Gov. Agency Debenture	0.50%	7/14/2023	500,000.00	455,157.00	(44,843.00)				11/7/2025	4.63%	$ 5,784.72	$ 42,871.33	$ 7,773.04	
Total Investments "Matured"															$ 31,915.45	
Total Interest FY 24_25 Matured and Current															$ 1,186,504.17	

Maturity Profile

	Amount	Percent
0-1 year	$ 23,176,768.09	37%
1-2 years	$14,070,181.68	23%
2-3 years	$10,806,253.30	17%
3-5 years	$ 14,011,909.38	23%
	$62,065,112.45	100%

Town of Los Gatos
Investment Transaction Detail
November 30, 2025

Date	Cusip/Id	Description	Transaction Type	Trade Date	Settlement Date	Par	Coupon	Maturity Date	Price	Principal	Interest	Transaction Total
11/4/2025	Cash-USD	Cash-USD	SHORT TERM INVESTMENT FUND INCOME	11/4/2025	11/4/2025	332.93	0.000%		100.00	-	-	332.93
11/10/2025	857477DB6	STATE STREET CORP 4.834% 24APR2030 (CALLABLE 24MAR30)	PURCHASE	11/7/2025	11/10/2025	580,000.00	4.834%	4/24/2030	102.85	596,535.80	1,246.10	597,781.90
11/7/2025	3135G06G3	FANNIE MAE 0.5% 07NOV2025	BOND INTEREST	11/7/2025	11/7/2025	500,000.00	0.000%	11/7/2025	-	-	1,250.00	1,250.00
11/7/2025	3135G06G3	FANNIE MAE 0.5% 07NOV2025	REDEMPTION	11/7/2025	11/7/2025	500,000.00	0.000%	11/7/2025	100.00	500,000.00	-	500,000.00
11/10/2025	89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	BOND INTEREST	11/10/2025	11/10/2025	1,600,000.00	5.450%	11/10/2027	-	-	43,600.00	43,600.00
11/17/2025	91282CHB0	USA TREASURY 3.625% 15MAY2026	BOND INTEREST	11/15/2025	11/15/2025	1,175,000.00	3.625%	5/15/2026	-	-	21,296.88	21,296.88
11/17/2025	9128285M8	USA TREASURY 3.125% 15NOV2028	BOND INTEREST	11/15/2025	11/15/2025	1,200,000.00	3.125%	11/15/2028	-	-	18,750.00	18,750.00

TOWN OF LOS GATOS, CA

Insight ESG ratings as of November 30, 2025

CUSIP	Security description	Maturity date	Par/Shares	Total market value ($)	S&P rating	Moody's rating	Insight ESG rating	Environment	Social	Governance
02665WEY3	AMERICAN HONDA FINANCE 4.95% 09JAN2026	1/9/2026	1,000,000	1,019,980	A-	A3	3	3	3	3
02665WED9	AMERICAN HONDA FINANCE 4.7% 12JAN2028	1/12/2028	600,000	619,010	A-	A3	3	3	3	3
037833DB3	APPLE INC 2.9% 12SEP2027 (CALLABLE 12JUN27)	9/12/2027	1,300,000	1,291,337	AA+	Aaa	5	2	5	5
17275RBR2	CISCO SYSTEMS INC 4.85% 26FEB2029 (CALLABLE 26JAN29)	2/26/2029	1,000,000	1,040,358	AA-	A1	2	1	3	3
17325FBK3	CITIBANK NA 4.838% 06AUG2029 (CALLABLE 06JUL29)	8/6/2029	1,250,000	1,301,864	A+	Aa3	3	1	2	4
194162AR4	COLGATE-PALMOLIVE CO 4.6% 01MAR2028 (CALLABLE 01FEB28)	3/1/2028	500,000	514,919	A+	Aa3	3	3	3	2
437076CW0	HOME DEPOT INC 4.9% 15APR2029 (CALLABLE 15MAR29)	4/15/2029	1,000,000	1,035,431	A	A2	3	3	3	3
437076BM3	HOME DEPOT INC 3% 01APR2026 (CALLABLE 01JAN26)	4/1/2026	1,000,000	1,001,369	A	A2	3	3	3	3
46625HRS1	JPMORGAN CHASE & CO 3.2% 15JUN2026 (CALLABLE 15MAR26)	6/15/2026	500,000	505,035	A	A1	3	2	3	4
46647PDG8	JPMORGAN CHASE & CO 4.851% 25JUL2028 (CALLABLE 25JUL27)	7/25/2028	1,400,000	1,442,173	A	A1	3	2	3	4
713448DF2	PEPSICO INC 2.85% 24FEB2026 (CALLABLE 28DEC25)	2/24/2026	1,000,000	1,004,530	A+	A1	3	2	2	4
69353RFJ2	PNC BANK NA 3.25% 22JAN2028 (CALLABLE 23DEC27)	1/22/2028	1,000,000	1,000,984	A	A2	3	3	4	2
857477CD3	STATE STREET CORP 5.272% 03AUG2026 (CALLABLE 03JUL26)	8/3/2026	800,000	819,977	A	Aa3	2	1	2	2
857477DB6	STATE STREET CORP 4.834% 24APR2030 (CALLABLE 24MAR30)	4/24/2030	580,000	600,933	A	Aa3	2	1	2	2
89236TKL8	TOYOTA MOTOR CREDIT CORP 5.45% 10NOV2027	11/10/2027	1,600,000	1,651,910	A+	A1	3	1	2	4
91159HJF8	US BANCORP 4.548% 22JUL2028 (CALLABLE 22JUL27)	7/22/2028	1,000,000	1,023,875	A	A3	3	3	3	3
Total Corporate / weighted average			**15,530,000**	**15,873,685**			**3**	**2**	**3**	**3**

ESG ratings are from 1 to 5, with 1 as the highest rating and 5 as the lowest. All ratings are weighted by industry rankings, based on the importance of the category within the individual industry

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-October	November 2025				Estimated Fund Balance 11/30/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	GENERAL FUND							
	Non-Spendable:							
	Loans Receivable	159,000	-	-	-	-	-	159,000
	Restricted Fund Balances:							
	Pension	3,090,731	-	-	-	-	-	3,090,731
	Land Held for Resale	-	-	-	-	-	-	-
	Committed Fund Balances:							
	Budget Stabilization	7,870,639	-	-	-	-	-	7,870,639
	Catastrophic	7,870,639	-	-	-	-	-	7,870,639
	Pension/OPEB	1,300,000	-	-	-	-	-	1,300,000
	Measure G District Sales Tax	-	-	-	-	-	-	-
	Assigned Fund Balances:							
	Open Space	410,000	-	-	-	-	-	410,000
	Sustainability	140,553	-	-	-	-	-	140,553
	Capital/Special Projects	1,983,271	-	-	-	-	-	1,983,271
	Carryover Encumbrances	6,367	-	-	-	-	-	6,367
	Compensated Absences	1,519,243	-	-	-	-	-	1,519,243
	ERAF Risk Reserve	-	-	-	-	-	-	-
	Market Fluctuations	1,201,824	-	-	-	-	-	1,201,824
	Council Priorities - Economic Recovery	-	-	-	-	-	-	-
	Unassigned Fund Balances:							
111	Other Unassigned Fund Balance Reserve (Pre YE distribution)	10,211,049	(4,245,780)	5,274,865	(3,494,027)	-	-	7,746,107
	General Fund Total	35,763,316	(4,245,780)	5,274,865	(3,494,027)	-	-	33,298,374

* Interfund transfers and Council Priorities/Economic Recovery funding allocation to be performed as part of the fiscal year end closing entries.

Fund Schedule

Fund Number	Fund Description	Prior Year Carryforward 7/1/2025*	Increase/ (Decrease) July-October	November 2025				Estimated Fund Balance 11/30/2025*
				Current Revenue	Current Expenditure	Transfer In	Transfer Out	
	SPECIAL REVENUE							
211/212	CDBG	166,653	-	-	-	-	-	166,653
222	Urban Runoff (NPDES)	664,168	(580)	13,641	(10,756)	-	-	666,473
231-236	Landscape & Lighting Districts	193,606	(7,183)	-	(3,335)	-	-	183,088
251	Los Gatos Theatre	381,120	42,058	15,070	(5,202)	-	-	433,046
261-264,269	Library Trusts	559,745	50,187	-	(2,338)	-	-	607,594
	Special Revenue Total	1,965,292	84,482	28,711	(21,631)	-	-	2,056,854
	CAPITAL PROJECTS							
411	GFAR - General Fund Appropriated Reserve	16,974,946	798,167	139,755	(61,992)	-	-	17,850,876
412	Community Center Development	819,604	-	-	-	-	-	819,604
421	Grant Funded Projects	(1,577,430)	872,022	-	(23,095)	-	-	(728,503)
461-463	Storm Basin Projects	2,825,234	56,632	6,334	(371)	-	-	2,887,829
471	Traffic Mitigation Projects	676,482	-	-	-	-	-	676,482
472	Utility Undergrounding Projects	3,763,913	-	-	-	-	-	3,763,913
481	Gas Tax Projects	2,130,548	(521,703)	162,782	-	-	-	1,771,627
	Capital Projects Total	25,613,297	1,205,118	308,871	(85,458)	-	-	27,041,828
	INTERNAL SERVICE FUNDS							
611	Town General Liability	208,746	(1,504,808)	-	(34,041)	-	-	(1,330,103)
612	Workers Compensation	1,259,972	(575,238)	7,838	(74,508)	-	-	618,064
621	Information Technology	2,585,103	(460,552)	3,640	(122,343)	-	-	2,005,848
631	Vehicle & Equipment Replacement	3,890,428	(81,556)	-	(82,277)	-	-	3,726,595
633	Facility Maintenance	820,099	(368,099)	2,083	(87,013)	-	-	367,070
	Internal Service Funds Total	8,764,348	(2,990,253)	13,561	(400,182)	-	-	5,387,474
	Trust/Agency							
942	RDA Successor Agency	(3,037,146)	(1,743,174)	-	(128)	-	-	(4,780,448)
	Trust/Agency Fund Total	(3,037,146)	(1,743,174)	-	(128)	-	-	(4,780,448)
	Total Town	**69,069,107**	**(7,689,607)**	**5,626,008**	**(4,001,426)**	**-**	**-**	**63,004,082**

* Interfund transfers and Council Priorities/Economic Recovery funding allocation to be performed as part of the fiscal year end closing entries.

Deposit Accounts of Interest:

111-23541 General Plan Update deposit account balance $483,221.98

111-23521 BMP Housing deposit account balance $3,723,190.79

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 5

DATE: January 5, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a Third Amendment to an Agreement for Services with OpenGov, Inc., for an Amount Not to Exceed $401,214.79**

RECOMMENDATION: Authorize the Town Manager to execute a Third Amendment to the Agreement for Services with OpenGov, Inc. for Enterprise Asset Management Services and Procurement Suite Services, renewable annually, for an amount not to exceed $401,214.79.

EXECUTIVE SUMMARY:

This report is similar to a report that was presented to the Town Council on December 2, 2025. Following Town Council adoption of the report, when the agreement was routed for signature, it was identified that Section 2.2, Term and Time of Performance, had not been included in the amendment language. This report addresses that earlier oversight.

FISCAL IMPACT:

This amendment increases the prior annual service level total through expanded enterprise access and domain modules, as detailed in Exhibit D. Funding for the software services was appropriated in the Adopted 2025-26 Operating Budget for Parks and Public Works Administration Program (5101-63332) and Information Technology (2501-63332). Future year expenditures are dependent on annual budget appropriation and may be adjusted during the annual budget development process.

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

STRATEGIC PRIORITY:

This action supports the Strategic Priorities regarding prudent financial management. Town staff is working with OpenGov software to create more efficient and streamlined processes for bidding and contract management. Parks and Public Works staff use the Asset Management / Cartegraph system for work order management and optimization of work.

BACKGROUND:

In 2004, the Town of Los Gatos entered into an agreement with Cartegraph for software related to the management of parks and public works operations. This software has been in continuous use within the Department of Parks and Public Works since that time.

In 2019, the Town entered into a five-year agreement with Cartegraph for services through December 31, 2024. In 2022, Cartegraph was acquired by OpenGov, Inc.

On November 21, 2023, the Town Council approved execution of an agreement with OpenGov through December 29, 2024, to add the Procurement Suite. Parks and Public Works (PPW) proposed this implementation to achieve efficiency and consistency regarding procurement and contract management. The system provides centralized document management with automatic reminders and the ability to track spending, insurance, and change requests.

On November 19, 2024, the Town Council approved a new agreement with OpenGov Inc. that brought the Enterprise Asset Management and Procurement modules under one contract, effective December 30, 2024, through December 29, 2025, for a total agreement amount of $66,355.59 with four one-year options to renew pending budget appropriation.

On May 20, 2025, the Town Council approved the First Amendment to the Agreement for Services with OpenGov, Inc. for a Request Management and eSignature Add-On to support the existing procurement system services in an amount of $11,448.72 for a total agreement amount not to exceed $77,804.31.

On October 7, 2025, a Second Amendment was taken to the Town Council for approval but was not executed because the proposal from OpenGov incorrectly listed “Procurement Expert Services: Elevate” instead of “Professional Services” as the service that would replace the “Request Management” services previously contracted for. This error prevented the Town from finalizing the amendment and initiating services under that version.

On November 4, 2025, a revised Second Amendment was taken to the Town Council to correct the description of services being provided by OpenGov for the remainder of 2025. This revised Second Amendment corrected the inaccurate description of services, which had listed “Procurement Expert Services: Elevate” instead of “Professional Services,” preventing execution of the prior version. The revised version was approved and corrected in the service language,

but did not finalize long-term service costs, which are resolved through the recommended Third Amendment.

DISCUSSION:

This third amendment to the Agreement for Services (Attachment 1) will allow staff to continue using the OpenGov systems. The amendment renews the services the Town currently uses but converts the Asset Management software to an enterprise system with unlimited users. This will provide additional user access across PPW work groups, supporting improved operational efficiency and coordination across maintenance divisions. Additionally, aligning the contract term with the Town's fiscal year simplifies budgeting and reduces the administrative workload associated with mid-year renewals.

This amendment also converts the time of services and compensation to match the Town's fiscal year, rather than the calendar year, as is currently the case. The initial renewal authorization covers a partial fiscal year from December 30, 2025, through June 30, 2026, and a full fiscal year from July 1, 2026, through June 30, 2027. Future optional extensions would occur on July 1 of each year.

Future years of the agreement will depend on budget appropriations, but this third amendment clearly defines the anticipated future costs as follows:

- December 31, 2025 – June 30, 2026: $42,693.14
- July 1, 2026 – June 30, 2027: $89,167.01
- July 1, 2027 – June 30, 2028: $93,625.30
- July 1, 2028 – June 30, 2029: $97,925.03

CONCLUSION:

Town Council authorization of this amendment will allow staff to continue working with the OpenGov software suite to optimize operations.

COORDINATION:

This staff report was coordinated with the Finance Department, Information Technology, the Town Attorney's Office, and the software provider, OpenGov.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Third Amendment to Agreement with Exhibit D - OpenGov
2. Second Amendment for Services with Exhibit C - OpenGov
3. First Amendment to Agreement with Exhibit B - OpenGov
4. Original Agreement for Services with Exhibit A - OpenGov

THIRD AMENDMENT TO AGREEMENT FOR SERVICES

OpenGov, Inc.

PREAMBLE

This Third Amendment to Agreement for Services is dated for identification on this 19th day of December 2025, and amends that certain Agreement for Services dated November 19, 2024, and amended by the First Amendment dated April 15, 2025, and the Second Amendment dated October 22, 2025 made by and between the Town of Los Gatos ("Town") and OpenGov, Inc. ("Service Provider"), identified as a C Corporation and whose address is 660 3rd Street, Suite 100, San Francisco, CA 94107.

I. RECITALS

A. Town and Service Provider entered into Agreement for Services on November 19, 2024 ("Agreement").
B. Town and Service Provider executed a First Amendment to the Agreement on May 29, 2025 ("First Amendment").
C. Town and Service Provider executed a Second Amendment to the Agreement on November 10, 2025 ("Second Amendment").
D. Town and Service Provider desire to exercise the first option to extend the agreement for the use of the software services provided by Service Provider.

II. AMENDMENT

1. Section 2.1 Scope of Services is amended to add the following:

   Service Provider shall provide services as described in that certain Proposal/Order Form Number Q-12470 dated November 12, 2025, which is hereby incorporated by reference and attached as Exhibit D.

2. Section 2.2 Term and Time of Performance is to be replaced in its entirety with the following:

   The effective date of this Agreement shall begin December 30, 2024 through June 30, 2027, with two remaining one-year options to extend the agreement.

   Year 1: December 30, 2024 through December 29, 2025
   Year 2: December 30, 2025 through June 30, 2026
   Year 3: July 1, 2026 through June 30, 2027
   Year 4: July 1, 2027 through June 30, 2028 (Optional Term)
   Year 5: July 1, 2028 through June 30, 2029 (Optional Term)

   This amendment converts the time of services and compensation to match the Town's fiscal year, rather than the calendar year, as is currently the case. The first renewal period covers December 30, 2025, through June 30, 2027; future renewals would occur on July 1 of each year.

3. Section 2.6 Compensation is to be replaced in its entirety with the following:

   Compensation for services prior to December 30, 2025 shall not exceed $77,804.31 per the First and Second Amendments. Future Compensation shall not exceed the following:

December 30, 2025 – June 30, 2026:	$42,693.14
July 1, 2026 – June 30, 2027:	$89,167.01
July 1, 2027 – June 30, 2028:	$93,625.30
July 1, 2028 – June 30, 2029:	$97,925.03

   Payment shall be contingent on budget appropriations and annual amendments of the agreement executed by July 1 of each contract year starting in 2027. Total compensation for agreement shall not exceed $401,214.79.

4. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Town and Service Provider have executed this Amendment.

Town of Los Gatos by:

_____
Chris Constantin, Town Manager

OpenGov, Inc. by:

_____
Sam Kramer, Chief Finance Officer

Recommended by:

_____
Nicolle Burnham, Director of Parks and Public Works

Approved as to Form:

_____
Gabrielle Whelan, Town Attorney

EXHIBITS

Exhibit D – Proposal/Order Form Q-12470 dated 11/12/2025

OpenGov Inc.
660 3rd Street, Suite 100
San Francisco, CA 94107
United States

Order Form Number:	Q-12470	**Prepared By:**	Beverly Dea
Created On:	11/12/2025	**Email:**	bdea@opengov.com
Order Form Expiration:	12/12/2025	**Contract Term:**	42 Months
Subscription Start Date:	12/30/2025		
Subscription End Date:	06/30/2029		

Customer Information:

Customer:	Town of Los Gatos, CA	**Contact Name:**	Kinjal Buch
Bill To/Ship To:	110 E. Main St Los Gatos, California 95030 United States	**Email:**	kbuch@losgatosca.gov
		Phone:	4083995756

Order Details:

Billing Frequency:	Prepaid
Payment Terms:	Net 30 Days

SOFTWARE SERVICES:

Product Name	Start Date	End Date	Annual Fee
Asset Management	12/30/2025	06/30/2026	$6,925.93
Contract eSignatures	12/30/2025	06/30/2026	$392.61
Facilities Domain	12/30/2025	06/30/2026	$4,120.73
OpenGov Core Procurement and Contracts	12/30/2025	06/30/2026	$6,188.61
Orange Advantage	12/30/2025	06/30/2026	$5,765.84
Parks & Recreation Domain	12/30/2025	06/30/2026	$3,846.74
Signal Domain	12/30/2025	06/30/2026	$3,572.51

Stormwater Domain	12/30/2025	06/30/2026	$3,846.74
Systems Integration Support	12/30/2025	06/30/2026	$230.63
Transportation Domain	12/30/2025	06/30/2026	$4,120.73
Walkability Domain	12/30/2025	06/30/2026	$3,682.07
Asset Management	07/01/2026	06/30/2027	$14,465.18
Contract eSignatures	07/01/2026	06/30/2027	$820.00
Facilities Domain	07/01/2026	06/30/2027	$8,606.38
OpenGov Core Procurement and Contracts	07/01/2026	06/30/2027	$12,925.24
Orange Advantage	07/01/2026	06/30/2027	$12,042.28
Parks & Recreation Domain	07/01/2026	06/30/2027	$8,034.13
Signal Domain	07/01/2026	06/30/2027	$7,461.40
Stormwater Domain	07/01/2026	06/30/2027	$8,034.13
Systems Integration Support	07/01/2026	06/30/2027	$481.69
Transportation Domain	07/01/2026	06/30/2027	$8,606.38
Walkability Domain	07/01/2026	06/30/2027	$7,690.20
Asset Management	07/01/2027	06/30/2028	$15,188.44
Contract eSignatures	07/01/2027	06/30/2028	$861.00
Facilities Domain	07/01/2027	06/30/2028	$9,036.70
OpenGov Core Procurement and Contracts	07/01/2027	06/30/2028	$13,571.46

Orange Advantage	07/01/2027	06/30/2028	$12,644.39
Parks & Recreation Domain	07/01/2027	06/30/2028	$8,435.83
Signal Domain	07/01/2027	06/30/2028	$7,834.47
Stormwater Domain	07/01/2027	06/30/2028	$8,435.83
Systems Integration Support	07/01/2027	06/30/2028	$505.78
Transportation Domain	07/01/2027	06/30/2028	$9,036.69
Walkability Domain	07/01/2027	06/30/2028	$8,074.71
Asset Management	07/01/2028	06/30/2029	$15,885.97
Contract eSignatures	07/01/2028	06/30/2029	$900.54
Facilities Domain	07/01/2028	06/30/2029	$9,451.70
OpenGov Core Procurement and Contracts	07/01/2028	06/30/2029	$14,194.74
Orange Advantage	07/01/2028	06/30/2029	$13,225.08
Parks & Recreation Domain	07/01/2028	06/30/2029	$8,823.25
Signal Domain	07/01/2028	06/30/2029	$8,194.26
Stormwater Domain	07/01/2028	06/30/2029	$8,823.25
Systems Integration Support	07/01/2028	06/30/2029	$529.00
Transportation Domain	07/01/2028	06/30/2029	$9,451.70
Walkability Domain	07/01/2028	06/30/2029	$8,445.54

Customer Billing/Service Periods:

Period **Total:**

12/30/2025	$42,693.14
07/01/2026	$89,167.01
07/01/2027	$93,625.30
07/01/2028	$97,925.03

Order Form Legal Terms:

This Order Form incorporates and is made part of the Agreement for Services between Customer and OpenGov **dated 11/19/24,** as amended ("Agreement").

If Professional Services are purchased, the Statement of Work is incorporated by reference.

Fees for the Software Services and Professional Services shall be due and payable, in advance, 30 days from receipt of the invoice.

By signing this Order Form, Customer acknowledges and agrees to these Legal Terms.

Town of Los Gatos, CA:

Signature:

_____

Name:

_____

Title:

_____

Date:

_____

OpenGov, Inc.

Signature:

_____

Name:

_____

Title:

_____

Date:

_____

Docusign Envelope ID: CE0B460B-DACB-4D77-BEB5-7FEDDB82D960

AMENDMENT TO AGREEMENT FOR SERVICES

PREAMBLE

This Second Amendment to Agreement for Services is dated for identification on this 22nd day of October 2025, and amends that certain Agreement for Services dated November 19, 2024, and amended by the First Amendment dated April 15, 2025, made by and between the Town of Los Gatos ("Town") and OpenGov, Inc. ("Service Provider"), identified as a C Corporation and whose address is 660 3rd Street, Suite 100, San Francisco, CA 94107.

I. RECITALS

A. Town and Consultant entered into Agreement for Services on November 19, 2024 ("Agreement").
B. Town and Consultant executed a First Amendment to the Agreement on April 15, 2025 ("First Amendment").
C. Town desires to amend the Agreement to revise the scope of services without increasing the compensation of the Agreement.

II. AMENDMENT

1. Section 2.1 Scope of Services is amended to add the following:
   Service Provider shall provide services as described in that certain Proposal/Order Form Number Q-11947.2 dated October 17, 2025, which is hereby incorporated by reference and attached as Exhibit C and replaces and supersedes the prior Exhibit B Order Form Number Q-07800 executed May 29, 2025, as amended.

2. Section 2.6 Compensation is to be replaced in its entirety with the following:
   Compensation for services for the dates December 30, 2024, to December 29, 2025, shall be the original agreement amount of $66,355.59, increased by $11,448.72 pursuant to the First Amendment, for a total agreement amount not to exceed $77,804.31. No additional compensation is authorized by this Second Amendment.

3. All other terms and conditions of the Agreement remain in full force and effect.

Docusign Envelope ID: CE0B460B-DACB-4D77-BEB5-7FEDDB82D960

IN WITNESS WHEREOF, the Town and Service Provider have executed this Amendment.

Town of Los Gatos by:

Signed by:
Chris Constantin 11/10/2025
3EF03F232F1B428...
Chris Constantin, Town Manager

OpenGov, Inc. by:

Signed by:
11/7/2025
602C7F59B67B4A4...
Sam Kramer, Chief Finance Officer

Recommended by:

Signed by:
Nicolle Burnham 11/7/2025
0E97831349644C3...
Nicolle Burnham,
Director of Parks and Public Works

Approved as to Form:

Signed by:
Gabrielle Whelan 11/10/2025
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

EXHIBITS

Exhibit C – Proposal/Order Form Q-11947.2 dated October 17, 2025

Docusign Envelope ID: CE0B460B-DACB-4D77-BEB5-7FEDDB82D960

OpenGov Inc.
660 3rd Street, Suite 100
San Francisco, CA 94107
United States

· Form Expiration: /2025 **ract Term:** 7 Months

mer Information:

)

g Frequency:

SOFTWARE SERVICES:

Product Name	Start Date	End Date	Annual Fee
Contract eSignatures	05/30/2025	12/29/2025	$432.18

PROFESSIONAL SERVICES:

Product Name	Start D	Description	Fee
oyment – Time ials Billed Mo as Incurred	05/30/2	Custom Deployment from OpenGov Professional Services team. Scope-dependent.	$6,696.00

Professional Services Total: $11,016.54

Docusign Envelope ID: CE0B460B-DACB-4D77-BEB5-7FEDDB82D960

Period:	Total:	
05/30/2025	$11,448.72	*Previously Paid against INV21234*

Order Form Legal Terms:

This Order Form replaces and supersedes the Order Form Number *Q-07800* executed on *5/29/2025*.

This Order Form incorporates the OpenGov Master Services Agreement ("MSA") attached here or available at https://opengov.com/terms-of-service/master-services-agreement/.

The "Agreement" between OpenGov and the entity identified above ("Customer") consists of the Order Form, MSA, and, if Professional Services are purchased, the Statement of Work.

Unless otherwise specified above, fees for the Software Services and Professional Services shall be due and payable, in advance, 30 days from receipt of the invoice.

By signing this Agreement, Customer acknowledges that it has reviewed, and agrees to be legally bound by the Agreement. Each party's acceptance of this Agreement is conditional upon the other's acceptance of the Agreement to the exclusion of all other terms

Town of Los Gatos, CA:

Signature:

_____

Name:

_____

Title:

_____

Date:

_____

OpenGov, Inc.

Signature:

_____

Name:

_____

Title:

_____

Date:

_____

Docusign Envelope ID: 78D8379A-447E-4A97-BE19-823F0C5086BD

FIRST AMENDMENT TO AGREEMENT

PREAMBLE

This First Amendment to Agreement for Services is dated for identification on this 15th day of April 2025, and amends that certain Agreement for Services dated November 19, 2024, made by and between the Town of Los Gatos, ("Town,") and the OpenGov, Inc. (“Service Provider”) identified as an C Corporation and whose address is 660 3rd Street, Suite 100 San Francisco CA 94107.

I. RECITALS

A. Town and Consultant entered into Agreement for Services Agreement on November 19, 2024, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Exhibit A to this Agreement.

B. Town desires to amend the Agreement to add to the scope of services and to increase the compensation of the Agreement.

II. AMENDMENT

1. 2.1 Scope of Services is amended to add the following:

   Service Provider shall provide services as described in that certain Proposal dated May 2, 2025, which is hereby incorporated by reference and attached as Exhibit B.

2. 2.6 Compensation is to be replaced in its entirety with the following:

   Compensation for services for the dates December 30, 2024 to December 29, 2025 shall be the original agreement amount of $66,355.59, increased by $11,448.72 for an agreement amount not to exceed $77,804.31. All invoice amounts, including exercised option years (pending budget appropriation and extension of the agreement) shall be invoiced in the amounts further described in the applicable Order Form (“Exhibit A and B”).

3. All other terms and conditions of the Agreement remain in full force and effect.

Docusign Envelope ID: 78D8379A-447E-4A97-BE19-823F0C5086BD

IN WITNESS WHEREOF, the Town and Service Provider have executed this Amendment.

Town of Los Gatos by:

Signed by:
Chris Constantin 5/29/2025
3EF03F232F1B428...
Chris Constantin, Town Manager

OpenGov, Inc. by:

Signed by:
Joe Lane 5/23/2025
D433DB530DE4424...
Joe Lane, Sr. Director, Finance & Strategy

Recommended by:

Signed by:
Nicolle Burnham 5/27/2025
0E0783134064 4C3...
Nicolle Burnham,
Director of Parks and Public Works

Approved as to Form:

Signed by:
Gabrielle Whelan 5/28/2025
EFD0738A5534428...
Gabrielle Whelan, Town Attorney

Attest:

Signed by:
Wendy Wood 5/29/2025
20A720C4AE0A4D9...
Wendy Wood, CMC, Town Clerk

Docusign Envelope ID: 78D8379A-447E-4A97-BE19-823F0C5086BD

OpenGov Inc.
660 3rd Street, Suite 100
San Francisco, CA 94107
United States

Order Form Number:	Q-07800	**Prepared By:**	Jonathan Stone
Created On:	05/02/2025	**Email:**	jstone@opengov.com
Order Form Expiration:	05/23/2025	**Contract Term:**	55 Months
Subscription Start Date:	05/30/2025		
Subscription End Date:	12/29/2029		

Customer Information:

Customer:	Town of Los Gatos, CA	**Contact Name:**	Kinjal Buch
Bill To/Ship To:	110 E. Main St Los Gatos, California 95030 United States	**Email:**	kbuch@losgatosca.gov
		Phone:	+1 4083995756

Order Details:

Billing Frequency:	Upfront
Payment Terms:	Net 30 Days

SOFTWARE SERVICES:

Product Name	Start Date	End Date	Annual Fee
Contract eSignatures	05/30/2025	12/29/2025	$432.18
Request Management	05/30/2025	12/29/2025	$4,320.54
Contract eSignatures	12/30/2025	12/29/2026	$777.92
Request Management	12/30/2025	12/29/2026	$7,776.97
Contract eSignatures	12/30/2026	12/29/2027	$816.82
Request Management	12/30/2026	12/29/2027	$8,165.81
Contract eSignatures	12/30/2027	12/29/2028	$857.66

Docusign Envelope ID: 78D8379A-447E-4A97-BE19-823F0C5086BD

Request Management	12/30/2027	12/29/2028	$8,574.11
Contract eSignatures	12/30/2028	12/29/2029	$900.54
Request Management	12/30/2028	12/29/2029	$9,002.81

PROFESSIONAL SERVICES:

Product Name	Start Date	Description	Fee
Professional Services Deployment - Time and Materials Billed Monthly as Incurred	05/30/2025	Professional Services Deployment - Estimated Time and Materials Billed Monthly as Incurred	$6,696.00

Professional Services Total: $6,696.00

Customer Billing/Service Periods:

Period:	Total:
05/30/2025	$11,448.72
12/30/2025	$8,554.89
12/30/2026	$8,982.63
12/30/2027	$9,431.77
12/30/2028	$9,903.35

Order Form Legal Terms:

This Order Form incorporates the Agreement for Services between the parties dated November 19, 2024.

The "Agreement" consists of the Order Form(s), Agreement for Services, and, if Professional Services are purchased, the Statement of Work.

Unless otherwise specified above, fees for the Software Services and Professional Services shall be due and payable, in advance, 30 days from receipt of the invoice.

By signing this Order Form, Customer acknowledges that it has reviewed, and agrees to be legally bound by the Agreement. Each party’s acceptance of this Agreement is conditional upon the other’s acceptance of the Agreement to the exclusion of all other terms.

Hours will be billed upon completion on a time and material basis at a rate of $215.00 per hour. Actual charges may exceed the provided estimate under Time and Materials billing, The final amount billed will reflect the actual hours utilized.

Docusign Envelope ID: 78D8379A-447E-4A97-BE19-823F0C5086BD

Town of Los Gatos, CA:

Signature:

_____

Name:

_____

Title:

_____

Date:

_____

OpenGov, Inc.

Signature:

_____

Name:

_____

Title:

_____

Date:

_____

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

AGREEMENT FOR SERVICES

PREAMBLE

THIS AGREEMENT is dated for identification on this 19th day of November 2024 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and OpenGov, Inc. ("Service Provider"), identified as a C Corporation and whose address is 660 3rd Street, Suite 100, San Francisco CA 94107. This Agreement is made with reference to the following facts.

I. RECITALS

Town sought quotations for the services described in this Agreement, and Service Provider was found to be the lowest responsible supplier for this purchase.

Service Provider represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

Town desires to engage Service Provider to provide new contract for Enterprise Asset Management program (Cartegraph) services and Procurement Suite services provided by OpenGov, Inc.

Service Provider warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Service Provider acknowledges Town has relied upon these warranties to retain Service Provider.

II. AGREEMENTS

2.1 Scope of Services. Service Provider shall provide services as described in that certain Proposal Order Form for the period of December 30, 2024 through December 29, 2025 sent to the Town on September 6, 2024, which is hereby incorporated by reference and attached as Exhibit A.

2.2 Term and Time of Performance. The effective date of this Agreement shall begin December 30, 2024 through December 29, 2025, with four one-year options to extend the agreement.

2.4 Sole Responsibility. Service Provider shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

2.5 Intentionally Omitted.

2.6 Compensation: Compensation for services for the dates December 30, 2024 to December 29, 2025 are in the amount **not to exceed $ $66,355.59**, inclusive of all costs. All invoice amounts, including exercised option years (pending budget appropriation and extension of the agreement). Including option years, shall be invoiced in the amounts further described in the applicable Order Form ("Exhibit A").

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

2.7 Billing. Billing shall be annually by invoice within thirty (30) days of the execution of this Agreement.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:

Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

2.8 Availability of Records. Service Provider shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Service Provider shall make these records available to authorized personnel of the Town at the Service Provider offices during business hours upon written request of the Town.

2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Service Provider. No portion of these services shall be assigned or subcontracted without the written consent of the Town, which shall not be unreasonably withheld.

2.10 Independent Contractor. It is understood that the Service Provider, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Service Provider may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Service Provider agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Service Provider shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Service Provider or is based on allegations of Service Provider's negligent performance or wrongdoing.

2.11 Conflict of Interest. Service Provider understands that its professional responsibilities are solely to the Town. The Service Provider has and shall not obtain any holding or interest within the Town of Los Gatos. Service Provider has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Service Provider warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Service Provider shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person Service Provider discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement Service Provider shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

2.12 Equal Employment Opportunity. Service Provider warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Service Provider nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Service Provider agrees to have and maintain, for the duration of the contract, General Liability insurance policies in an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Service Provider agrees to have and maintain, for the duration of the contract, Cyber Liability insurance for limits no less than $2,000,000 per occurrence or claim, and $4,000,000 in the aggregate.

- Coverage shall be sufficiently broad to respond to the duties and obligations undertaken by Consultant in this contract.
- The policy(ies) shall include coverage for claims involving security breach, business interruption, cyber extortion, infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, and damage to or destruction of electronic information.
- The policy(ies) shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

iii. Service Provider agrees to have and maintain, for the duration of the contract, Technology Errors and Omissions Liability insurance in an amount of $2,000,000 per occurrence or claim, and $4,000,000 in the aggregate sufficient to

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

insure Consultant for technological errors or omissions in the performance of the particular scope of work under this contract.

iv. Service Provider shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Service Provider agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

3.2 General Liability:

i. The Town, its elected and appointed officials, employees, and agents are to be covered as additional insureds as respects: commercial general liability policy to cover liability arising out of activities performed by or on behalf of the Service Provider.

ii. The Service Provider's insurance coverage shall be primary insurance as respects the Town, its elected and appointed officials, employees, and agents with respect to this contract. Any insurance or self-insurances maintained by the Town, its officers, officials, or employees shall be excess of the Service Provider's insurance and shall not contribute with it.

iii. Intentionally Omitted.

iv. The Service Provider's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.3 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

3.4 Workers' Compensation. In addition to these policies, Service Provider shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Service Provider shall ensure that all subcontractors employed by Service Provider provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

3.5 Indemnification. The Service Provider shall save, keep, hold harmless and indemnify and defend the Town its elected and appointed officials, agents, and employees ("Indemnitees") from all third party claims for damages, liabilities, penalties, costs, or expenses (including attorneys' fees) in law or equity that may at any time arise or be set up because of damages to

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

property or personal injury received by reason of a material breach of this Agreement or in the course of performing work which may be occasioned by a grossly negligent act or omissions of the Service Provider, or any of the Service Provider's officers, employees, or agents or any subcontractor. Service Provider's duty to indemnify and hold harmless Indemnitees shall not apply to the extent such damages or liabilities are caused by the sole or active negligence or willful misconduct of Indemnitees.

IV. GENERAL TERMS

4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

4.3 Termination of Agreement. If either party materially breaches any term of this Agreement and fails to cure such breach within 30 days after receiving written notice by the non-breaching party (10 days in the case of non-payment), the non-breaching party may terminate this Agreement.

4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Service Provider.

4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.

4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos
Attn: Town Clerk
110 E. Main Street
Los Gatos, CA 95030

OpenGov, Inc.
660 3rd Street, Suite 100
San Francisco CA 94107

or personally delivered to Service Provider to such address or such other address as Service Provider designates in writing to Town.

4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Service Provider. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

4.9 Severability. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

4.10 Contract Interpretation. Each party acknowledges that it has reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

4.11 Counterparts. The Parties may execute this Agreement in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

4.12 Warranty of Authority. The signatories to this Agreement warrant and represent that each is authorized to execute this Agreement and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Agreement.

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

IN WITNESS WHEREOF, the Town and Service Provider have executed this Agreement.

Town of Los Gatos by:

Signed by:
Chris Constantin 12/6/2024
3EF03F232F1B428...
Chris Constantin, Town Manager

OpenGov, Inc. by:

DocuSigned by:
Sam Kramer 11/27/2024
A3AFFF18117C415...
Sam Kramer, SVP of Finance

Recommended by:

Signed by:
Nicolle Burnham 12/2/2024
0E978313490644C3...
Nicolle Burnham,
Director of Parks and Public Works

Approved as to Form:

Signed by:
Gabrielle Whelan 12/4/2024
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

Attest:

DocuSigned by:
Wendy Wood 12/6/2024
BF8EBCBE2C214F8...
Wendy Wood, CMC, Town Clerk

Docusign Envelope ID: 62AD5440-B646-4767-A09C-5773DE0D0C60

OpenGov Inc.
660 3rd Street, Suite 100
San Francisco, CA 94107
United States

Order Form Number: OG-00CA2521
Created On: 4/12/2024
Order Form Expiration: 7/30/2024
Subscription Start Date: 7/31/2024
Subscription End Date: 12/29/2025

Prepared By: Marguerite Kuntz
Email: renewals@opengov.com
Contract Term: Prorated + 12 Months

Customer Information

Customer: Town of Los Gatos, CA
Bill To/Ship To: 110 E. Main St
Los Gatos, California 95030
United States

Contact Name: Kinjal Buch
Email: kbuch@losgatosca.gov

Order Details

Billing Frequency: Annually in Advance
Payment Terms: Net Thirty (30) Days

SOFTWARE SERVICES:

Product / Service	Start Date	End Date	Annual Fee
PRORATED TO ALIGN TO 12/30/2024 Orange Advantage	7/31/2024	12/29/2024	$2,916.67
ONE TIME CREDIT FOR PRORATED PERIOD Orange Advantage	7/31/2024	12/29/2024	($2,916.67)
OMS Plus, OMS User (25 Users), Internal Requests, Asset Condition Manager and Adv Inspections, Automation Manager, Facilities Domain, Parks & Recreation Domain, Signal Domain, Stormwater Domain, Transportation Domain, Walkability Domain, Systems Integration Support, Orange Advantage	12/30/2024	12/29/2025	$48,600.01
OpenGov Procurement	12/30/2024	12/29/2025	$17,755.58

Annual Subscription Total: See Service Terms

Serivce Terms

Service Date:	Amount:	
July 31, 2024	$0.00	*(Prorated to Align to 12/30/2024 + One Time Credit for Prorated Period)*
December 30, 2024	$66,355.59	*(Annual Software Fee)*
December 30, 2025	$68,371.07	*(Optional Auto Renewal Term 1)*
December 30, 2026	$73,157.04	*(Optional Auto Renewal Term 2)*
December 30, 2027	$76,814.89	*(Optional Auto Renewal Term 3)*
December 30, 2028	$80,655.63	*(Optional Auto Renewal Term 4)*

Order Form Legal Terms

"This Order Form incorporates the OpenGov Master Services Agreement (""MSA"") attached here or available at https://opengov.com/terms-of-service/master-services-agreement/.

The ""Agreement"" between OpenGov and the entity identified above (""Customer"") consists of the Order Form, MSA, and, if Professional Services are purchased, the Statement of Work.

Unless otherwise specified above, fees for the Software Services and Professional Services shall be due and payable, in advance, 30 days from receipt of the invoice.

By signing this Agreement, Customer acknowledges that it has reviewed, and agrees to be legally bound by the Agreement. Each party's acceptance of this Agreement is conditional upon the other's acceptance of the Agreement to the exclusion of all other terms.

Town of Los Gatos, CA

Signature:

Name:

Title:

Date:

OpenGov, Inc.

Signature:

Name:

Title:

Date:

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 6

DATE: January 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Accept the 2025 Annual Street Repair and Resurfacing Project, Authorize the Town Manager to Execute a Notice of Completion, and Direct Staff to Record the Notice of Completion**

RECOMMENDATION: Accept the 2025 Annual Street Repair and Resurfacing Project (4118110, 4818110; CIP 811-9901); authorize the Town Manager to execute a Notice of Completion; and direct staff to record the Notice of Completion

FISCAL IMPACT:

There is no fiscal impact associated with this action.

STRATEGIC PRIORITY:

This project supports the Core Goal of Quality Public Infrastructure.

BACKGROUND:

The adopted Fiscal Year (FY) 2024/25-2028/29 Capital Improvement Program (CIP) Budget designates funding for the 2025 Street Repair and Resurfacing Project (4118110, 4818110; CIP 811-9901).

The goal of this annually funded project is to enhance safety for all travel modes and maintain the roadway infrastructure. It is important for the Town to perform annual street maintenance projects to improve the Town's roadways and prevent street pavement from deteriorating into more extensive and costly repair conditions. For the 2025 Street Repair and Resurfacing Project, the focus was on repairs through milling and placement of new hot mix asphalt overlay.

PREPARED BY: Saurabh Nijhawan
Senior Civil Engineer

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

SUBJECT: Accept the 2025 Annual Street Repair and Resurfacing Project, Authorize the Town Manager to Execute a Notice of Completion and Direct Staff to Record the Notice of Completion

DATE: January 20, 2026

The 2025 project was advertised for bid on Friday, March 28, 2025. On April 22, 2025, bid packages were opened, and eleven contractors submitted bids. A summary of bid results showed O'Grady Paving Inc. as the apparent low bidder.

On May 20, 2025, the Town Council authorized the Town Manager to execute a construction contract with O'Grady Paving Inc., in the amount of $1,713,071, with a ten percent contingency ($171,307) of the contract award amount.

DISCUSSION:

Project construction commenced on July 21, 2025, and was completed on October 1, 2025. The work has been completed to the satisfaction of the Town Engineer.

The total cost associated with O'Grady's contract was $1,713,071. There were zero change orders associated with this project, which utilized 0% of the approved contingency ($171,307).

Staff recommends that the Town Council accept the construction of the project improvements and authorize the staff to record the Notice of Completion (Attachment 1).

CONCLUSION:

This action formally accepts the contractor's work and affirms that it meets the Town's standards and requirements. The completion of the required work finalizes all contractual obligations, allowing for the release of retention.

COORDINATION:

This project was coordinated with the Finance Department.

ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA and is Categorically Exempt (Section 15301(c)). A Notice of Exemption was filed.

Attachments:

1. Notice of Completion
2. Verification of Work

Recording Requested By:
Town of Los Gatos

When Recorded Mail To:
Town Clerk
Town of Los Gatos
110 E Main St
Los Gatos, CA 95030

EXEMPT FROM RECORDING FEES PER
GOVERNMENT CODE § 27383

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE

NOTICE OF COMPLETION
Civil Code §§ 9204 and 9208

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the agent of the owner of the Project described below.

2. Owner's full name is: Town of Los Gatos.

3. Town's address is: 110 E. Main Street., Los Gatos, CA 95030.

4. The nature of Town's interest in the Project is:
X Fee Ownership __ Lessee __ Other:_____

5. Construction work on the Project performed on Town's behalf is generally described as follows: Furnishing all labor, materials, tools, equipment, and services required for completion of the 2025 Annual Street Repair and Resurfacing Project, located in the Town of Los Gatos, County of Santa Clara, State of California.

6. The name of the original Contractor for the Project is: O'Grady Paving, Inc. located at 2513 Wyandotte Street, Mountain View, CA 94043.

7. The Project was accepted as complete on: October 3, 2025.

8. The Project is located at: Various Locations in the Town of Los Gatos.

Verification: In signing this document, I, the undersigned, declare under penalty of perjury under the laws of the State of California that I have read this notice, and I know and understand the contents of this notice, and that the facts stated in this notice are true and correct.

_____
Date and Place

_____
Signature

_____
Chris Constantin, Town Manager

EXEMPT FROM NOTARY ACKNOWLEDGMENT REQUIREMENTS PER GOVERNMENT CODE § 27287 AND CIVIL CODE § 9208

TOWN OF LOS GATOS

PARKS AND PUBLIC WORKS COMMENTS

To: Chris Constantin

From: Nicolle Burnham

Date: December 29, 2025

Subject: Notice of Acceptance

Acceptance of Work for the 2025 Annual Street Repair and Resurfacing Project (CIP No. 24-811-9901)

The work performed under this contract was inspected by authorized representatives of the Town, Contractor and Engineer, and determined to be complete. The Town Engineer acknowledges the completion of this project and requests the Town Manger to sign the Certificate of Acceptance form.

Date of Final Inspection: 10/1/2025

Project Participants: Kevin Selfridge, Saurabh Nijhawan, Gary Heap (Town of Los Gatos)
Craig Young (O'Grady Paving Inc.)

1. All construction and punch list items have been completed? Yes
2. All change orders have been executed? N/A
3. Claims if any have been resolved? N/A

REVIEWED AND APPROVED BY:

Saurabh Nijhawan
SENIOR CIVIL ENGINEER DATE: 01-02-26

Gary Heap
TOWN ENGINEER DATE: 1/5/2026

Nicolle Burnham
DIRECTOR OF PUBLIC WORKS DATE: 1/6/2026

Parks and Public Works Department • Engineering Division
41 Miles Ave, Los Gatos, CA 95030 • 408.399.5771 • www.losgatosca.gov

TOWN OF LOS GATOS

PARKS AND PUBLIC WORKS COMMENTS

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 7

DATE: December 22, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the Fiscal Year 2024-25 AB 1600 Annual Report on Receipt and Use of Development Impact Fees**

RECOMMENDATION: Receive the Fiscal Year 2024-25 AB 1600 Annual Report on Receipt and Use of Development Impact Fees.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority. However, it does align with the Town's core goals of good governance, fiscal stability, and quality public infrastructure.

BACKGROUND:

To ensure that mitigation fees associated with private land use development are spent in a timely manner and on projects for which they were being collected, the State Legislature passed the Mitigation Fee Act (AB 1600). This bill applies to developer fees that were increased or imposed on or after January 1, 1989.

The Mitigation Fee Act imposes certain accounting and reporting requirements with respect to the development impact fees collected. The fees must be deposited in separate accounts to avoid commingling the fees with the Town's other revenues or funds. Interest on each development fee fund or account must be credited to that fund or account and used only for those purposes for which the fees were collected.

PREPARED BY: Eric Lemon
Finance and Accounting Manager

Reviewed by: Town Manager, Town Attorney, and Finance Director

The Mitigation Fee Act (California Government Code, §66000 et seq.) also requires local agencies that impose Development Impact Fees to present an annual, consolidated report showing the receipt and use of those fees, as well as a five-year report that provides specific information about those fees. This report serves as the Town's annual report and has been prepared for the Town for the fiscal year ended June 30, 2025, in accordance with the provisions of California Government Code Sections 66006(b). The Annual Status Report (Attachment 1) must be available for public review within 180 days after the close of the fiscal year and present at a public meeting no less than 15 days after the information is made available to the public.

The Town collects three Development Impact Fees that meet the AB 1600 reporting requirement: the Traffic Impact Mitigation Fee, the Storm Drainage Fee, and the Construction Activity Impact Fee.

In addition to development impact fees, the Town also collects in lieu fees. In lieu fees are an option offered to developers "in lieu" of, or in place of, providing specific on-site public benefits such as on-site parking or public art requirements. The Town's in lieu fees are the Below Market Price Housing Program in lieu fee and the public art in lieu fee.

Separate balances exist for each of these fees, either as individual accounts or, in the case of Traffic Impact Mitigation Fees, separate funds. As required by AB 1600, as of June 30, 2025, all accounts or funds with unspent balances have been credited with interest revenue at the Town's current interest rate earned on its total.

DISCUSSION:

Annual Report

California Government Code Section 66006(b) requires each local agency that imposes development impact fees under the Mitigation Fee Act to prepare an annual report providing specific information about those fees for the previous fiscal year. Specifically, Section 66006(b) requires that for each separate account, the local agency make available to the public the information shown below for the most recent fiscal year:

- 66006(b)(1)(A): A brief description of the type of fee in the account or fund;
- 66006(b)(1)(B): The amount of the fees;
- 66006(b)(1)(C): The beginning and ending balances for the fiscal year;
- 66006(b)(1)(D): The total amount of fees collected and interest earned;
- 66006(b)(1)(E): Identification of each public improvement on which impact fees were expended and the amount of expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with impact fees;

- 66006(B)(1)(F):
  - Identification of the approximate date by which construction of a public improvement will begin if the Town determines that sufficient funds have been collected to complete financing on an incomplete public improvement;
  - Identification of each public improvement identified in a previous report and whether construction began on the approximate date noted in the previous report;
  - For a project identified for which construction did not commence by the approximate date provided in the previous report, the reason for the delay and a revised approximate date by which the local agency will commence construction.
- 66006(b)(1)(G): A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended; and, in the case of an interfund loan, the terms of the loan, including the repayment schedule for the loan, and the rate of interest that the account or fund will receive on the loan.
- 66006(b)(1)(H): A summary of any refunds made, and their respective amount, due to sufficient funds being collected to complete financing of scheduled public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

This information is presented in the attached FY 2024-25 Annual AB 1600 Report on Receipt and Use of Development Impact Fees. The Report depicts balances and the intended use of balances, including decisions made after June 30, 2025, to demonstrate that the fees will be used for their respective purposes.

This report was posted on the Town's website and made available for public review at the Town Clerk's Office at Town Hall on December 23, 2025.

Funding of Infrastructure

Government Code Section 66002 states that local agencies that have developed fee programs may adopt a Capital Improvement Program, indicating the approximate location, size, and timing of projects, plus an estimate for the cost of all facilities or improvements to be financed by fees.

The Town has developed and adopted a CIP, which is updated every year during the fiscal budget process. The Town's current adopted CIP can be found on the Town's website at https://www.losgatosca.gov/2277/Town-Budget.

As a CIP project is identified, the project is evaluated to determine the portion of the project that will serve existing residents and businesses versus new development. This analysis is used to determine the portion of the project that is eligible to receive impact fee funding. The

anticipated funding and commencement dates for projects are indicated and may be adjusted, as needed, to reflect the needs of the community, funding constraints, and development priorities.
Assembly Bill 602 has amended the state Mitigation Fee Act to require the adoption of a CIP along with the adoption of a fee program for all fee programs adopted on or after January 2, 2022. The Town has not adopted any new development impact fee on or after that date.

Description of Impact Fee Programs

The Town has three development impact fee programs, which are the Transportation Impact Fee, Storm Drainage Fee, and the Construction Impact Activity Fee.

The transportation impact fee is a one-time charge on new residential and non-residential developments. Improvements include the construction of traffic and multi-modal transportation improvements, and traffic reduction measures.

The storm drainage fee is a one-time charge on new development that will impact drainage and is used for storm drainage improvements.

The Construction Impact Activity Fee is a one-time fee charged on new development to pay for repairs to Town streets necessitated by construction activity.

Description of In Lieu Fee Programs

The Town has two in lieu fee programs, which are the Below Market Price Housing and Art in Public Places programs. These in lieu fees provide developers with an option to satisfy on-site requirements with a one-time payment.

1. Below Market Price Housing Program. The Town accepts payment of a Below Market Price Housing Program Fee for fractional units resulting from the calculation of inclusionary requirements. The Town may also accept payments of a Below Market Price Housing In Lieu Fee in place of the construction of on-site units if certain findings can be made pursuant to the Town's Below Market Price program. The fee is established by resolution of the Town Council and updated from time to time. The fee is used to fully fund or subsidize the construction of housing that is affordable to extremely low, very low, low, and moderate incomes.
2. Art in Public Places. The Art in Public Places Fee applies to all new commercial developments and all new residential developments of three or more units. The in lieu fee allows new developments to make a payment instead of providing an on-site art installation. The purpose of the fee is to support art in public places by providing public art.

CONCLUSION:

Staff recommends the Council receive the FY 2024-25 Annual AB 1600 Report on Receipt and Use of Development Impact Fees as required under the Mitigation Fee Act (AB 1600).

COORDINATION:

This report was coordinated with the Town Attorney, Community Development Department, and Park and Public Works Department.

FISCAL IMPACT:

There is no fiscal impact from this action.

ENVIRONMENTAL ASSESSMENT:

Receipt of this annual AB 1600 report is not a project defined under CEQA, and no further action is required.

ATTACHMENT:

1. FY 2024-25 Annual AB 1600 Report on Receipts and Use of Development Impact Fees

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025

Traffic Impact Mitigation Fee:

The Traffic Impact Mitigation Fee assures that each new development or expansion of use pays its fair share of the transportation improvements needed to accommodate the cumulative traffic impacts. The fee, $1,104 per new average daily trip generated, is paid in full to the Town Building Department prior to issuance of the building permit for new development or expansion of use. The collected fee is held in the Traffic Mitigation Fee Fund. The Traffic Mitigation Fund should be used solely to fund transportation improvement projects related to mitigating the impacts of new development. The funds cannot be used for routine repairs or maintenance. There is a reasonable relationship between the Traffic Mitigation Fee and its purpose because the fee does not exceed the Town's costs of constructing traffic facilities to serve new developments and the fee will be used solely for that purpose.

TRAFFIC IMPACT MITIGATION FEES FUND (Fund 471)

Beginning Cash Balance (07/01/2024)	**$3,852,505**
Source of Funds	
Fees Collected FY 2024-25	10,431
Interest Earned FY 2024-25	166,990
Total Source of Funds	**$4,029,927**
Use of Funds	
Capital Outlay:	
Shannon Road Ped & Bikeway Improvements (5% of the Project's Estimated Life-Time Cost)	221,582
Traffic Signal Modernization (50% of the Project's Estimated Life-Time Cost)	1,250
Completed - August 2024	
Total Use of Funds	**$222,832**
Project Expenses Incurred in FY 2023-24, Paid in July of FY 2024-25 (Traffic Signal Modernization)	(29,571)
Project Expenses Incurred in FY 2024-25, Paid in July of FY 2025-26	-
Ending Cash Balance (06/30/2025)	**$3,777,524**
Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26	-
Future Projects	7,916,000
Total Future Project Spending*	**$7,916,000**
Current Funding Shortfall	**($4,138,476)**

* See support below for details

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025
(Continued)

Future Projects
Traffic Impact Mitigation Fees

Project	CIP (Y/N)	Estimated Start Year	Total Project Costs	% Funded with Fee Revenue	Amount Funded with Fee Revenue	Other Funding Sources
Highway 17 Bicycle & Pedestrian Bridge – Construction	Y	2027	$ 29,000,000	3%	$ 1,000,000	[1]
Kennedy Sidewalk & Bike Lanes - LGB to Englewood	Y	2027	$ 3,389,360	44%	$ 1,500,000	[1]
Traffic Modernization	Y	2027	$ 30,000,999	3%	$ 1,000,000	[1]
Parking Program Implementation	Y	2027	$ 416,000	100%	$ 416,000	none
State Highway Congestion Relief	Y	2030	$ 171,600,000	2%	$ 3,000,000	[1]
Bicycle and Pedestrian Improvements	Y	On-Going	$ 1,060,123	94%	$ 1,000,000	[1]
Totals			$ 235,466,482		$ 7,916,000	

[1] Town, Measure B, Gas Tax, Grants

Construction Impact Activity Fee:

The Construction Impact Activity Fee is assessed on construction projects based on the square foot size of the project at a rate of $1.51 per square foot. These fees are intended to recover the damage caused to Town streets by construction traffic. The collected fee is held in the General Fund Appropriated Reserves Fund. The purpose of the fee is to fund repairs to Town streets caused by the impacts of construction vehicle traffic. There is a reasonable relationship between this fee and its purpose because the fee does not exceed the Town's costs of addressing the impacts of construction vehicles and the fee will be used to mitigate those impacts by repairing damage to Town streets caused by construction vehicles.

CONSTRUCTION IMPACT ACTIVITY FEE (4118011-42531/42532/42533)

Beginning Cash Balance (07/01/2024)	**$ -**
Source of Funds	
Fees Collected FY 2024-25	158,733
Interest Earned FY 2024-25 (Funds expended upon receipt)	-
Total Source of Funds	**$158,733**
Use of Funds	
Business Services Charges	-
Capital Outlay:	
Street Repair and Resurfacing Project FY 2024-25	158,733
(FY 2024-25 Fees Collected Cover 8.2% of the total FY 2024-25 Expenditures of $1,936,863)	
Total Use of Funds	**$158,733**
Ending Cash Balance (06/30/2025)	**$ -**
Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26	908,169
Future Projects	-
Total Future Project Spending*	**$908,169**
Current Funding Shortfall	**($908,169)**

* See support below for details

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025
(Continued)

Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26
Construction Impact Fee

Project	CIP (Y/N)	Estimated Start Year	Estimated Project Completion Date	Total Project Costs	% Funded with Fee Revenue (1)	Amount Funded with Fee Revenue	Fee Revenue Remaining to Pay	Other Funding Sources
Street Repair and Resurfacing Project	Y	Ongoing	Ongoing	$ 11,081,991	8%	$ 908,169	$ 908,169	VRF, Gas Tax

(1) Percentage is based the actual funding percentage for the current fiscal year

Storm Drainage Fee:

The Town collects revenue from building/grading permits into its Storm Drain Fund with an established charge of $2.00 per square foot of new impervious surface. For phased development projects, the Town collects the fee based on acreage/units. The fees include (1) Single Family Lots at $5,182/ac, (2) an initial unit of a multiple family dwelling (MFD) at $5,182/ac, (3) subsequent MFD units at $194.00/unit (Not to exceed $5,351.00/ac), and (4) Commercial, Industrial, hospitals, churches, schools, and others at $6,481.00/ac. This fee produces approximately $100,000 in revenue annually, depending on development activity. The collected fee is held in three Storm Drain capital project funds and is used for storm water drainage projects. The purpose is to provide new and expanded storm drain facilities and infrastructure that will serve new development. There is a reasonable relationship between the fee and the purpose for which it is used because the storm drain basin fee does not exceed the City's costs of providing storm drain facilities to serve new development and the fee will be used for that purpose.

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025
(Continued)

STORM DRAIN BASIN FEE (Funds 461/462/463)

Beginning Cash Balance (07/01/2024)	**$3,531,248**
Source of Funds	
Fees Collected FY 2024-25	97,939
Interest Earned FY 2024-25	146,669
Total Source of Funds	**$3,775,856**
Use of Funds	
Annual Storm Drain Improvement Project (100% of the Project's Estimated Life-Time Cost)	41,397
709 University Avenue Drainage System Replacement (100% of the Project's Estimated Life-Time Cost)	1,508
Storm Drainage Mapping (72% of the Project's Estimated Life-Time Cost)	260,001
Shannon Road Pedestrian and Bikeway Improvements (24% of the Project's Estimated Life-Time Cost)	647,717
Total Use of Funds	**$950,623**
Project Expenses Incurred in FY 2023-24, Paid in July of FY 2024-25	-
Project Expenses Incurred in FY 2024-25, Paid in July of FY 2025-26 (Annual Storm Drain Improvement Project; 709 University Avenue Drainage System Replacement; Shannon Road Pedestrian and Bikeway)	280,661
Ending Cash Balance (06/30/2025)	**$3,105,894**
Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26	2,161,275
Future Projects	2,000,000
Total Future Project Spending*	**$4,161,275**
Current Funding Shortfall	**($1,055,381)**

* See support below for details

Current and Projects Anticipated to Commence in FY 2024-25 and FY 2025-26
Storm Drainage Fee

Project	CIP (Y/N)	Estimated Start Year	Estimated Project Completion Date	Total Project Costs	% Funded with Fee Revenue	Amount Funded with Fee Revenue	Fee Revenue Remaining to Pay	Other Funding Sources
Annual Storm Drain Improvement Project	Y	Ongoing	Ongoing	$ 543,400	100%	$ 543,400	$ 244,689	none
709 University Avenue Drainage System Replacement	Y	2026	2027	$ 300,000	100%	$ 300,000	$ 299,897	none
Shannon Road Pedestrian and Bikeway Improvements	Y	2025	2026	$ 2,706,944	24%	$ 647,717	$ 245,389	Town, TIF, OBAG Grant, TFCA Grant
Loma Street Drainage - Study	Y	2026	2027	$ 846,300	100%	$ 846,300	$ 846,300	none
Storm Drainage Mapping	Y	2025	2026	$ 675,001	72%	$ 485,001	$ 225,000	Town
Vasona Oaks Drainage Improvement Project	Y	2025	2027	$ 300,000	100%	$ 300,000	$ 300,000	none
Totals				$ 5,371,645		$ 3,122,418	$ 2,161,275	

Future Projects
Storm Drainage Fee

Project	CIP (Y/N)	Estimated Start Year	Total Project Costs	% Funded with Fee Revenue	Amount Funded with Fee Revenue	Other Funding Sources
Loma Street Drainage - Design and Construction	Y	2027	$ 2,000,000	100%	$ 2,000,000	none

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025
(Continued)

Below-Market Priced (BMP) Housing Program In-Lieu Fee:

BMP In-Lieu Fees are collected from residential development projects with five (5) or more units when the construction of the BMP unit is impractical or there are unusual circumstances that make the construction of the unit inconsistent with Town policy. The required in-lieu fee is to be paid to the Town prior to issuance of the certificate of occupancy. The BMP In-Lieu Fee is equal to the amount of six (6) percent of the building permit valuation for the entire project. The collected fees are held in the General Fund BMP Housing liability account and are restricted to be used solely for BMP Housing Program activities. The purpose of the fee is to provide affordable housing for Los Gatos residents, regardless of age, income, race, or ethnic background. There is a reasonable relationship between the fee and the purpose for which it is charged because new market rate housing is required by the City's Zoning Code to provide a certain percentage of affordable units, and if a project does not provide those units, the fee revenues are used to create the affordable units on the project's behalf.

BELOW-MARKET PRICED HOUSING PROGRAM IN-LIEU FEES (111-23521)

Beginning Cash Balance (07/01/2024)	**$3,923,343**
Source of Funds	
Fees Collected FY 2024-25	115,713
Service Charges FY 2024-25	79,381
Interest Earned FY 2024-25	173,086
BMP Land Held for Resale - Sold	344,338
Total Source of Funds	**$4,635,861**
Use of Funds	
BMP Program Maintenance Expenses (100% of FY 2024-25 Expenditures)	245,332
BMP Unit Monitoring and Compliance (100% of FY 2024-25 Expenditures)	23,000
Total Use of Funds	**$268,332**
Ending Cash Balance (06/30/2025)	**$4,367,529**
Unavailable Sources	
Land Held for Resale	-
Total Cash Balance and Unavailable Sources	**$4,367,529**
Future Projects (All Projects 100% Funded by Fees)	
Low and Moderate Income Housing (Ongoing Project - Total Based on 5 years of Estimated Costs)	3,100,000
Reacquisition of Distressed/Foreclosed Properties (Project Funded as Needed - Total Based on 5 years of Estimated Costs)	700,000
House Keys Program Maintenance Services (Total Based on 5 years of $120,000 Annual Costs)	600,000
Total Future Projects	**$4,400,000**
Current Funding Shortfall	**($32,471)**

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025
(Continued)

Public Art In-Lieu Fee:

Los Gatos Public Art In-Lieu Fees are collected In lieu of installation of on-site public art, the developer may elect to make a monetary contribution to the Los Gatos Public Arts Fund. The Public In-Lieu Fee is equal to the amount of one (1) percent of the construction valuation for the entire project. Public Art In-Lieu Fee app to all new commercial developments (including mixed use projects), including new construction, and additions and remodels that add more than fifty (50) percent square footage; and all new residential projects of three (3) or more units, including new construction, and additions and remodels that add more than fifty (50) percent square footage. A developer who elects to satisfy the requirements of this Chapter through a contribution to the Fund must complete the payment in-lieu prior to the issuance of any building permit for the development project. The Los Gatos Public Art Funds may be used for the following purposes, including: acquisition, placement, maintenance, and promotion of temporary and permanent art and art programs, including visual or performing arts, as approved by the Arts and Culture Commission, on or in Town owned, public property throughout the Town. Art works acquired through the Public Art Fund shall be owned by the Town of Los Gatos and generally made accessible to the public. There is a reasonable relationship between the fee and its purpose because the fee does not exceed the amount new projects are required to spend on public art and the fee will be used to provide public art on behalf of the projects that pay the fee.

TOWN OF LOS GATOS
ANNUAL STATUS REPORT ON RECEIPT AND USE OF DEVELOPMENT IMPACT FEES
JUNE 30, 2025
(Continued)

PUBLIC ART FEE (111-23514)

Beginning Cash Balance (07/01/2024)	**$24,328**
Source of Funds	
Interest Earned FY 2024-25	1,064
Total Source of Funds	**$25,392**
Use of Funds	
	-
Total Use of Funds	**$ -**
Ending Cash Balance (06/30/2025)	**$25,392**
Future Projects	
Forbes Mill Footbridge Children's Art	9,500
(FY 2025-26 Project Start Date, 100% of the Project's Estimated Life-Time Cost)	
Installation of On-site Public Art (When Project is Created, Fee Percentage Dependent on Project)	15,892
Total Future Projects	**$25,392**
Current Funding	**$ -**

Other Required Disclosures:

As required by law, no inter-fund (loans/transfers) were made doing the reporting period and no refund were necessary as all fees collected have a current funding short fall status as presented in the Annual Status Report.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 8

DATE: January 15, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize the Town Manager to Execute a First Amendment to an Agreement with HouseKeys for Administration of the Town's Below Market Price Affordable Housing Program to Extend the Contract to June 30, 2026.**

RECOMMENDATION: Authorize the Town Manager to execute a first amendment to an agreement with HouseKeys for administration of the Town's Below Market Price Affordable Housing Program (BMP Program) to extend the contract to June 30, 2026.

FISCAL IMPACT:

Sufficient funds are available in the Housing In-Lieu Fee Deposit Account to cover the costs of the services for the Town. The current balance in the deposit account is approximately $3.7 million. The additional costs in the amount of $32,000.00 would bring the total NTE to $128,000.00.

STRATEGIC PRIORITY:

The proposed project aligns with the adopted Core Goal of **Community Character** and the **Strategic Priority** to preserve the Town's small-town charm and provide a range of housing opportunities and historic neighborhoods, while diligently maintaining and implementing the Housing Element.

BACKGROUND:

On February 16, 2021, the Town Council authorized the Town Manager to execute an agreement with HouseKeys for a five-year period for a fixed base annual cost of approximately $96,000 per year, with a first-year onboarding cost of $30,000 from approximately March 1, 2021, to February 28, 2026. Projected transactional costs would also be provided at an additional cost, depending on the volume of those transactions.

PREPARED BY: Tania Maheu
Administrative Analyst

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

DISCUSSION:

To align with contracts ending June 30th of the fifth year, staff is requesting that we extend HouseKeys' current contract to June 30, 2026. The Town has several agreements set to expire on June 30, 2026, and due to potentially increasing service fees with our existing consultant the Town will likely need to issue a Request for Proposals to obtain proposals for these services.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute a first amendment to an agreement with HouseKeys for administration of the Town's BMP Program under the direction of the Community Development Director.

COORDINATION:

This report has been coordinated with the Town Manager's Office, Town Attorney's Office, and the Finance Department.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Agreement with HouseKeys, 21.056, with Exhibit A
2. Draft First Amendment to an Agreement with HouseKeys

DocuSign Envelope ID: 99CA8765-C6A3-445D-81C0-77BD6D896DDE

AGREEMENT FOR CONSULTANT SERVICES FOR ADMINISTRATOR OF THE TOWN'S BELOW MARKET PRICE AFFORDABLE HOUSING PROGRAM

THIS AGREEMENT is dated for identification March 1, 2021, and is made by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and HouseKeys, ("Consultant"), whose address is 358 Digital Drive, Morgan Hill, CA 95037. This Agreement is made with reference to the following facts. This contract will remain in effect from March 1, 2021 to February 28, 2026.

I. RECITALS

1.1 The Town desires to engage Consultant to administer the Town's Below Market Price Affordable Housing Program.

1.2 Consultant represents and affirms that it is qualified and willing to perform the desired work pursuant to this Agreement.

1.3 Consultant represents and affirms that it is qualified and willing to perform the desired work pursuant to this Agreement.

1.4 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges that the Town has relied upon these warranties to retain Consultant.

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain Proposal for Services sent to the Town on August 21, 2020, which is hereby incorporated by reference and attached as Exhibit A.

2.2 Term and Time of Performance. The services of Consultant are fixed for a five-year period that will commence upon the execution of the contract. At the end of this period, should the Town not renew the contract, the contract shall automatically expire. The individual time of performance schedule for each project referred to the Consultant is required to be performed as outlined in the scope of services section of this Agreement.

2.3 Compliance with Laws. Consultant shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state, and local laws. Consultant represents and warrants to Town that it has all licenses, permits, qualifications, and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.

2.4 Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

DocuSign Envelope ID: 99CA8765-C6A3-445D-81C0-77BD6D896DDE

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and Consultant shall not make any of the these documents or information available to any individual or organization not employed by Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and the Town's use of the information contained in the reports prepared by Consultant in connection with other projects shall be solely at the Town's risk, unless Consultant expressly consents to such use in writing. The Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

2.6 Compensation. Compensation for Consultant's professional services shall be a fixed annual base cost of approximately $96,000 with a first-year onboarding cost of $30,000, with possible optional increases for transactional costs such as sales and re-sales of homes. Payment shall be based upon Town approval of each task.

2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed, the relevant property address (if applicable) and at what rate.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655

2.8 Availability of Records. Consultant shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Consultant shall make these records available to authorized personnel of the Town at Consultant's offices during business hours upon written request of the Town.

2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to Consultant. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

2.10 Independent Contractor. It is understood that Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior

DocuSign Envelope ID: 99CA8765-C6A3-445D-81C0-77BD6D896DDE

written consent, Consultant may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

2.11 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. Consultant has no and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment and Housing Act.

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars ($1,000,000) combined single limit per occurrence for bodily injury, personal injury, and property damage.

ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than: one million dollars ($1,000,000) combined single limit per accident for bodily injury, personal injury, and property damage.

DocuSign Envelope ID: 99CA8765-C6A3-445D-81C0-77BD6D896DDE

iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than: one million dollars ($1,000,000) which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

i. The Town, its officers, officials, employees, and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned or used by Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.

ii. Consultant's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees, and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees, or volunteers shall be excess of Consultant's insurance and shall not contribute with it.

iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees, or volunteers.

iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made, or suit is brought, except with respect to the limits of the insurer's liability.

3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

DocuSign Envelope ID: 99CA8765-C6A3-445D-81C0-77BD6D896DDE

3.4 Indemnification. The Consultant shall save, keep, hold harmless, and indemnify and defend the Town its officers, officials, employees, and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of Consultant, or any of Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that either party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, Consultant shall deliver to the Town all plans, files, documents, and reports, performed to date by Consultant. In the event of such termination, Town shall pay Consultant an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and Consultant.

4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.

4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos	HouseKeys
Attn: Town Clerk	Attn: Julius Nyanda
110 E. Main Street	358 Digital Drive
Los Gatos, CA 95030	Morgan Hill, CA 95037

or personally delivered to Consultant to such address or such other address as Consultant designates in writing to the Town.

DocuSign Envelope ID: 99CA8765-C6A3-445D-81C0-77BD6D896DDE

4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings, or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

IN WITNESS WHEREOF, the Town and Consultant have executed this Agreement.

Town of Los Gatos by:

DocuSigned by:
Laurel Prevetti
853FEEA2EB39470...
5/5/2021
Laurel Prevetti, Town Manager

Consultant by:

Julius Nyanda
Julius Nyanda (Mar 23, 2021 17:47 PDT)
Julius Nyanda, CEO/Program Manager
HouseKeys

Recommended by:

DocuSigned by:
Joel Paulson
5035A0632FE1477...
4/29/2021
Joel Paulson, Community Development Director

Approved as to Form:

DocuSigned by:
Robert W. Schultz
2FE0938555B744C...
5/5/2021
Robert Schultz, Town Attorney

Attest:

DocuSigned by:
Shelley Neis
B9666F65B1F34F6...
5/6/2021
Shelley Neis, MMC, CPMC, Town Clerk

Organizational Profile

Nyanda & Associates, LLC d/b/a HouseKeys
358 Digital Drive, Morgan Hill, CA 95037
Main Phone Line: 1-877-460-KEYS (5397)
Website: www.housekeys.org
Email: programs@housekeys.org
Primary Contact: Julius Nyanda, CEO/Program Manager
julius@housekeys.org
Office Line: 408-684-8202
Cell Phone: 415-846-8004
Note: No claim, lawsuit, or litigation to report

The HouseKeys Organization: A Modern Social Enterprise

HouseKeys was started in April of 2015 in response to the void left by the wind down of several Silicon Valley nonprofit housing, lending, and counseling service providers. In our 3-year history, HouseKeys has been able to create a sustainable service model through public agency contracts and transaction revenue. As former employees of well-established nonprofit entities that folded after decades of service to the community, the HouseKeys team has reengineered the social enterprise model to ensure long-term sustainability through a combination of economically-conscious measures and market-driven solutions. Our experienced team has collaborated over the last ten years, while at different employers, to complete nearly 1,000 program for-sale transactions and manage hundreds of multi-family units during initial new construction lease-up, annual compliance and tenant turnover. There are entire residential housing projects throughout the Bay Area where one of us has had a role as either an agent, lender, counselor, or developer. The lessons learned from this work have enabled us to build the HouseKeys organization, program marketplace, administration platform, and information management system. In addition to the LLC, the HouseKeys team formed the nonprofit agency, HouseKeys Resource & Education Center Inc. (Tax I.D. 81-2880185) which obtained federal tax-exempt status in the summer of 2017. To facilitate real estate transactions, HouseKeys utilizes its state-licensed brokerage subsidiary, HouseKeys Services Corporation (Cal BRE# 02001942). Our strategic plan calls for an approach that utilizes our position as a service provider, educator, and technology company that can apply for grant dollars, attract equity from social investors, and continually cover operating costs through earned income.

Technology & the Program Marketplace

In December of 2015, HouseKeys began recruiting an in-house technology team and building a program marketplace and management platform that not only delivers value to our public agency clients, but also has a direct-to-consumer interface that serves a subscriber base of prospective program applicants and current program participants. After testing other database systems, resource planners, and relationship management tools, HouseKeys decided to build its own database-driven system, from the ground up, to facilitate program administration activities throughout the housing supply chain and program workflow. Instead of downloading forms and exchanging emails, our users

will create a household or entity account and enter an end-to-end program marketplace that houses the direct and 3rd party relationships needed to successfully complete program transactions. Users will participate in a streamlined process that reduces paperwork, improves communication, and generates valuable, real-time program data. HouseKeys launched the consumer applicant portal in the Summer of this year (2018) and is looking to launch our Provider Portal in the first quarter of 2019.

Content & Media Library

Program awareness is a major concern at HouseKeys. While studies and statistics show that over 70% of households fall within an eligible income category, most of the public is unaware of the housing opportunities made available through local programs. Land Use and Tax Credit Policies are the primary tool used to generate affordable housing, and yet maintaining a pool of eligible and qualified prospective applicants is critical to getting units occupied and attracting funding from financial institutions. Between our illustrations, animated segments, video podcast, and weekly radio show – we strive to reach the public, build interest in the programs, and increase participation. This helps us navigate the low pull-through associated with finding motivated applicants who are both eligible and qualified.

Our Team

At the core of our capabilities is our close-knit and highly capable team of 10 dedicated practitioners. Each plays a specialized role in providing the expertise needed to design and implement programs, determine household eligibility, manage program transactions, ensure compliance, manage information, and design workflows. Homeownership programs have the unique distinction of having program participants with an ownership stake and legal rights that make the agency-provider responsible for how well the contract language captures program intent. HouseKeys has spent a significant amount of time learning about the defensibility of program contracts through litigation and negotiation activity in cases where program violations occurred because of actions by a homeowner and/or lender. Whether the administrative response required new local laws to be enacted by the public agency, updated contract language or new enforcement policies - our team has consistently been responsive and effective. From 2016 to 2018, we had full-time, in-house counsel on staff, and worked as a team to design our legal strategy to function like an outside collection agency. In 2018, we transitioned from in-house counsel, to keeping attorneys on retainer to deal with cases as they come up. We are actively working on the release of our updated program administration platform called MyHouseKeys at www.myhousekeys.com

Position	Role	Name	Phone	Email
Program Manager	Oversight of the Organization & Program	Julius Nyanda	408-684-8202	julius@housekeys.org
Program Relationship Manager	Program Education & Partnerships	Abraham Valle	408-712-3761	abraham@housekeys.org
Program Asset Manager	Transactions, Program Inventory & Compliance	Christina Enriquez	408-684-8788	christina@housekeys.org
Program Transaction Coordinator	Existing Owners, Program Inventory, New Construction	Katarina Marusic	408-684-8291	katarina@housekeys.org
Program Operations Coordinator	Ticket Handling & Application Prep	Kamala Loving	408-684-8364	kamala@housekeys.org
Program Underwriter	Applicant Eligibility and Participant Compliance	Kathie Wells	408-684-8831	Kathie@housekeys.org
Program Processor	Applicant & Participant File Management	Mandy Israde	408-684-8830	mandy@housekeys.org
Program Accountant and Analyst	Accounting and Support	Angelica Garcia	N/A	angelica@housekeys.org
Real Estate Project Manager	Rehab/Remodel projects and site inspection for BMR Units under construction	John Ash	408-592-7884	john@housekeys.org
Technology Manager & Database Engineer	Design and Implementation of Data Model, Database & Initial Prototype	Everett Bobby Gasper	N/A	bobby@housekeys.org
Server Administrator & API Engineer	Server Capabilities, Security, API Engineering, and External Data Sourcing	Frank Adams	N/A	frank@housekeys.org
Software Engineering	Interface and Full Stack Development	Kunal Bohra	N/A	kunal@housekeys.org

HouseKeys Scope of Services
Ownership / Rental / Loan Program Administration 2020-2021 FY

This Scope of Work details the roles and responsibilities that HouseKeys provides to its Municipal Clients. HouseKeys' Program Administrator Role ("Administrator") positions it to serve as the municipality's interface with industry practitioners and the public. This list not only includes Applicants and Program Participants, it also includes project owners, developers, property managers, mortgage lenders, real estate agents, and escrow officers.

1. Administrator will administer the program and assure Affordability Deed Restrictions are recorded and followed by all parties as applicable for each property.

2. Administrator will provide offsite support for service requests. Orientations and workshops will be held for residents of the municipality. Note: Due to COVID-19 related restrictions, these workshops are held remotely.

3. Administrator will regularly update program guidelines and program materials in conjunction with Municipal staff to reflect the Administrator's administrative process for Program Administration including, but not limited to: applications, program pamphlets, resale calculations, buyer selection process, sale and resale of units, refinancing requests, collection of Municipal fees and other applicable fees, and default monitoring/resolution process. Administrator's objective will be to work alongside Municipal Staff to incorporate "learnings" from the team's collective history with Affordability Programs in municipalities in Santa Clara, San Benito, Contra Costa, Alameda, San Francisco, San Mateo, Santa Cruz, and Monterey Counties.

4. Administrator will maintain an affordability program website presence that will link to the municipality's housing website.

5. Administrator and the Municipality will agree to mutually acceptable performance measures for program administration. These measures shall be included in the quarterly program summary report.

    a. General Inquiries: Respond within 48 business hours
    b. Loan Requests: Respond within 48 business hours, Complete requests within reasonable time, with weekly status updates for outstanding requests
    c. Orientations: Minimum 6 per year, with more as needed for new opportunities
    d. Rental Vacancies: Fill vacancies within 60 days
    e. Annual Monitoring: Provide homeowners 30 days to submit recertification packages. Note: multiple collection rounds will extend this timeline.
    f. Follow up letters at 60 and 90 days before beginning enforcement procedures for non-compliant homeowners
    g. Eligibility List: Maintain a minimum buyer-to-property ratio of 5:1

h. Application ID issuance: Issue within 2 business days.

6. Administrator shall maintain the Municipality's existing records, databases, and files through a file retention and management system for the program. All electronic records will be considered work products that are property of the Municipality. The Administrator shall update the Municipality's records quarterly to ensure a coordinated seamless record keeping process. The database shall include the following at a minimum:

   a. For each Program / Former RDA Development if applicable (new and existing):
      1) A list of all program units in the development
      2) The date of the program developer agreement
      3) Program units lost, including date, reason for loss, initial sales price, resale price, and actions taken

   b. For each ownership unit (new and existing):
      1) The address for each ownership unit
      2) The level of affordability (e.g., Extremely Low, Very Low, Low, Moderate)
      3) The current owner of record
      4) The expiration date of the owner agreement
      5) The last date of recertification
      6) The recertification status (updated annually)
      7) The original sales price
      8) The current resale restriction price
      9) Dates of owner turn-over, as applicable

   c. For each rental unit (new and existing)
      1) The unit number for each rental unit
      2) The level of affordability (e.g., Extremely Low, Very Low, Low, Moderate)
      3) The current tenant of record
      4) The last date of recertification
      5) The recertification status (updated annually)

   d. For each affordable housing loan:
      1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
      2) The address associated with the loan
      3) The current owner of record (this should be the loan recipient)
      4) The amount, term, and due date of the loan
      5) dates of payoff and interest collected, as applicable
      6) dates of refinance/subordination, as applicable
      7) dates of write-off and amount, as applicable

   e. Other information as requested and mutually agreed to.

7. Administrator shall provide a quarterly program summary report to the Municipality on the following dates and with the following information, consistent with task #5 and

#6:

Q1 (July – Sept): October 30, 20XX
Q2 (Oct – Dec): January 31, 20XX
Q3 (Jan – March): April 30, 20XX
Q4 (April – June): July 31, 20XX

a. Performance Measures (see task #5)

b. For each owner unit (new and existing):
   1) The address for each ownership unit
   2) The level of affordability (e.g., Very Low, Low, Moderate)
   3) The current owner of record
   4) The last date of recertification and current recertification status

c. For each rental unit (new and existing)
   1) The unit number for each rental unit
   2) The level of affordability (e.g., Very Low, Low, Moderate)
   3) The current tenant of record
   4) The last date of recertification and current recertification status

d. For each affordable housing loan:
   1) The type of loan (e.g., RDA, BEGIN, FTHB, etc.)
   2) The address associated with the loan
   3) The current owner of record (this should be the loan recipient)
   4) The amount, term, and due date of the loan
   5) Dates of payoff and interest collected, as applicable
   6) Dates of refinance/subordination, as applicable
   7) Dates of write-off and amount, as applicable

e. Current list of defaults and pending defaults
   1) Actions taken to date
   2) Next steps, including dates

f. In-lieu fees collected, if applicable

g. Other information as requested and mutually agreed to

8. Administrator will provide the applicants with the following services:

   a. Conducting income qualifications including review of assets, income, Verifications of Employment, and all other necessary approvals to ensure qualification for the Municipal Program loans.

   b. Making minor revisions to the Municipality's existing program materials and legal documents.

   c. Underwriting loan applications in accordance with program requirements.

   d. Preparing all loan documents, overseeing proper execution thereof, and

conducting final loan approval reviews.

e. Ensuring timely delivery of all necessary documents into escrow, and preparing escrow demands and funding requests.

f. Overall management and implementation of specific program policies, including required reporting.

g. Preparation of program materials by revising the Municipality's current documents.

h. Calculating all pay off demands and issuing any disclosures and tax forms as required by State and/or Federal Law.

i. Calculating the resale value of all ownership program homes as requested annually by the County.

j. Work with Municipal staff to ensure a seamless and coordinated development of documents as it relates to the Affordability Program, including the Developer application process where Restricted Affordability Units are included, reviewing developer agreements, and ensuring that affordability requirements are outlined in an Affordable Housing Agreement and any subsequent amendments to the development documentation.

9. Administrator shall act as transaction coordinator for all real estate transactions and will provide the Municipality with a fee schedule. Administrator will charge BMR re-sale transaction fees in line with applicable recorded Deed Restrictions. Administrator will charge the developer transaction coordination fees in accordance with the Affordable Housing Agreement pertaining to the subject development project.

10. Administrator will coordinate document transmittals between buyers, homeowners, developers, and Municipality as needed. Administrator will be responsible for ensuring all documents submitted for Municipal signatures are complete and accurate. Administrator will be responsible for making any necessary corrections to documents.

11. Administrator shall work alongside Staff to conduct monitoring to annually evaluate Program Owners' & Renters' compliance with the terms and conditions of the recorded deed restrictions and program guidelines including the following:

    a. Mailing monitoring letters to all the Program units.

    b. Reviewing in conjunction with Municipal staff, Municipality or County Assessor data to assist in the process (e.g., water utility bills, property records).

    c. Review Municipality's preliminary monitoring list to identify follow up actions required.

    d. Meet with Municipal staff to develop guidelines for acceptable default remedies (e.g., allowing rental of Program Units for hardship cases).

12. Administrator shall work alongside Staff to investigate and identify cure for potential BMR defaults including:
    a. Conduct follow up of those Program Owners who do not submit their compliance documentation.
    b. Reviewing information from calls from Program Unit neighbors and interested parties.
    c. Conduct reasonable follow-up investigation to assess potential defaults including unit site visits.
    d. Scheduled appointments with Program Owners.
    e. For confirmed defaults, provide Program Owners with list of actions needed to remedy the default and conduct follow-up to monitoring compliance.
    f. Maintaining log of actions taken to remedy the defaults.
    g. For those defaults in which the Program Owners choose to not remedy the situation within a reasonable amount of time, Administrator will meet with Municipal staff to determine the course of action to pursue. Municipality authorization will be sought for any legal action taken.
    h. Municipality will provide a list of any current program participant defaults and actions taken to date.

13. Administrator shall conduct introductory Home Buyer Education/Training classes – Homebuyer Orientation Classes prior to Program application

14. Administrator shall build and maintain a group of qualified and eligible Program homebuyers at a minimum Buyer-to-Property ratio of 5:1

15. Administrator will partner with the Municipality to create Program legal templates for documents required for signature by the Program participants. Administrator shall supply documents that are typically used in the Applicable County for residential real estate transactions (e.g. purchase and sale, disclosure acknowledgements, addendums, etc.)

16. Administrator will maintain a list of approved loan officers and lending operations eligible to provide mortgage lending for purchase and refinance transactions

17. Administrator will review individual program restrictions for terms and requirements as needed including shared equity programs, down payment assistance loans and any resale restriction agreements.

18. Administrator will prepare Municipal staff reports.

In addition, the HouseKeys team will provide the following services:

A. Administrator will enter contract with the Municipality with the intention of adding the Municipality to the Model City Project that incorporates Industry Best Practices, A

Program Database, and a Regional Program Working Group. This Project will improve efficiencies and reduce program costs to the Municipality.

B. Administrator will provide training, analysis, and suggested improvements to the Affordability Program.

C. Administrator will prepare a presentation for Staff and Council Members on the Model City Project.

HOUSEKEYS FEE SCHEDULE 2020-2021

Description	Fee[1]	Fee Cap / Max	Billed To
Program Administration	Base Fee to be Determined at Contract		Municipality
Rental Unit Processing Fee	$1,500.00 per lease transaction	$1,500 per lease transaction	Developer
Loan Processing Transaction Fee	$1,250.00 per transaction[2]	$1,250.00 per transaction	Owner / Lender
New Ownership Sales Transaction Fee	3% of Sales Price	Maximum $18,000.00	Paid by Developer or Added to Sales Price
Ownership Resale (compliant) **Transaction Fee**	6% of New Sales Price	Maximum $36,000.00	Buyer (via Sales Price)
Acquisition (default) **and Ownership Resale / Rehab Transaction Fee**	5% of Resale Restriction Price plus 5% of New Sales Price	Maximum $60,000.00	Buyer (via Sales Price)
Application I.D. Issuance	No fee	No fee	n/a
Participant I.D. Issuance	No fee	No fee	n/a
Opportunity Drawing (Lottery) Entry Fee	$25.00	$25.00	Applicant
Application Fee	$75.00	$75.00	Applicant
Billing Rate for Projects Outside of Contract Scope	$250.00 / hour	$250.00 / hour	Municipality

[1] Fees may be lower pursuant to the relevant executed Agreement (e.g., developer agreement, owner resale restriction agreement, promissory note, etc.)

[2] 25% of the $1,250 loan processing fee ($312.50) paid by the owner/lender will be transferred to the Municipality for administration and internal processing of the subordination / payoff request.

HouseKeys
Unlock Opportunity

City of Morgan Hill

Role: Program Administrator

Program(s): Ownership, Rental, Lending

Timeline: June 2015 to Present (Note: 4 Team Members were employed by previous Program Administrator from 2012-2015)

Applicable Scope of Services Includes:

- Homebuyer Orientation
- Homeowner Workshops and "Town Hall" Listening Sessions
- Applicant Eligibility (Processing and Underwriting)
- Participant Compliance
- Asset Management
- Overseeing Ownership Program, Loan Portfolio, and Rental Program
- Real Estate Acquisition, Rehabilitation, and Sales
- Program Development (Marketing Materials, Guideline Creation, and Municipal Code Modifications)

Description Relevant Experience:

Morgan Hill has a well-established ownership program that has been in place for over 40 years and includes over 500 units spread out across nearly 75 residential development projects. Due to the varying nature of each restriction agreement, this has been the training ground on which the HouseKeys team continues to hone its skills. Resale Restriction Agreements include mutual self-help homes, forgivable notes that lock up equity for the first 20 years before passing it to the owner by year 30, and index-based restricted resale prices. Affordable Properties have been built through the City's former Redevelopment Agency and through its Residential Development Control System, whereby developers compete for allocations and earn points for affordable units. HouseKeys has dealt with a variety of compliance challenges and transaction types, all while handling a healthy volume of new construction and resale transactions.

Budget: $525,000 per year

Morgan Hill Contact: Rebecca Garcia, Housing Manager
City of Morgan Hill
408-778-6480 /rebecca.garcia@morganhill.ca.gov

HouseKeys
Unlock Opportunity

City of Campbell

Role: Program Administrator

Program(s): Ownership, Rental, Lending

Timeline: June 2016 to Present (Note: 4 Team Members were employed by Affordable First Mortgage Lender that financed many of the affordable ownership units in the city's program)

Applicable Scope of Services Includes:

- Homebuyer Orientation
- Applicant Eligibility (Processing and Underwriting)
- Participant Compliance
- Asset Management
- Overseeing Ownership Program, Loan Portfolio, and Rental Program
- Real Estate Acquisition, Rehabilitation, and Sales
- Program Development (Marketing Materials and Guideline Creation)

Description of Relevant Experience:

The HouseKeys team's experience in the City of Campbell started with an early partnership on one of their largest affordable ownership projects. At our previous employer, we used our Fannie Mae Seller Servicer status to serve as the primary first mortgage lender for 40 affordable homeownership units. We coordinated with the City of Campbell, Charities Housing, and Housing Trust Silicon Valley. Years later, when the City of Campbell was looking for a Program Administrator, HouseKeys was invited to propose in response to the city's 2016 RFP. Our onboarding process including ownership units, rentals, and the first-time homebuyer loan portfolio. After a rocky start during the first year, HouseKeys was able to gain the trust of staff and council and got a renewal in 2017 and has continued to do so. The strength that shined through in this contract, was our ability to tackle difficult compliance enforcement activities that culminated with the acquisition of a BMR Unit and a resale to an eligible subsequent purchaser.

Budget: $137,200 per year ($30,000 Onboarding)

City of Campbell Contact: Stephen Rose, Senior Planner
City of Campbell
408-866-2412 / stephenr@campbellca.gov

HouseKeys
Unlock Opportunity

City of Gilroy

Role: Program Administrator

Program(s): Ownership, Rental, Lending

Timeline: June 2017 to Present

Scope of Services Includes:

- Homebuyer Orientation
- Applicant Eligibility (Processing and Underwriting)
- Participant Compliance
- Asset Management
- Overseeing Ownership Program, Loan Portfolio, and Rental Program
- Real Estate Acquisition, Rehabilitation, and Sales
- Program Development (Marketing Materials and Municipal Code Modifications)

Description of Relevant Experience:

Gilroy is a multi-faceted contract whereby the HouseKeys team has a longstanding relationship through its work with South County Housing. Members of the HouseKeys Team were part of the first mortgage lending teams that provided financing to many of the homeowners in the project. As we continue to rebuild the database of existing units and determine which units are still in the program, we will rely on this experience as we work to facilitate transactions and perform compliance reviews. The City of Gilroy has over 480 ownership units, spread across 10 residential development projects. These were made possible through nonprofit developer financing and the Residential Development Ordinance. HouseKeys has been holding orientation classes each month to build the buyer pool and our team is working alongside staff to refine the scope as we work through the onboarding.

Budget: $90,000 ($40,000 onboarding)

City of Gilroy Contact:

Karen L. Garner, Community Development Director
City of Gilroy
408-846-0451
Karen.garner@ci.gilroy.ca.us

HouseKeys
Unlock Opportunity

City of Burlingame

Role: Program Administrator

Program(s): Rental

Timeline: June 2018 to Present

Scope of Services Includes:

- Renter Orientation
- Applicant Eligibility (Processing and Underwriting)
- Participant Compliance
- Asset Management
- Overseeing Rental Program
- Initial Lease-Ups and Vacancies
- Program Development (Marketing Materials and Municipal Code Modifications)

Description of Relevant Experience:

Like Los Gatos, Burlingame was a legacy client from the team's time at Neighborhood Housing Services Silicon Valley. We reconnected in 2018 to provide assistance with the existing rental portfolio and then added a formalized contract in 2020 to assist with the new construction pipeline. We are presently working

Budget: $90,000 ($40,000 onboarding)

City of Burlingame Contact: Ruben Hurin, Planning Manager
City of Burlingame
650-558-7256
rhurin@burlingame.org

HouseKeys
Unlock Opportunity

City of San Ramon

Role: Program Administrator

Program(s): Ownership

Timeline: June 2019 to Present

Scope of Services Includes:

- Buyer Orientation
- Applicant Eligibility (Processing and Underwriting)
- Overseeing Ownership Program
- New Construction Project setup
- Program Development (Marketing Materials and Municipal Code Modifications)

Description of Relevant Experience:

Lennar built the first affordable homeownership project in the City of San Ramon in nearly 15 years. Knowing that staff needed assistance with getting their homeownership program materials updated and in place, HouseKeys signed a contract to assist Lennar with its 28 affordable homeownership units and a contract with the City of San Ramon exclusively to assist with the Lennar Project.

Budget: $30,000 Onboarding – Fee Agreement with Developer

City of San Ramon Contact: Cindy Yee, Senior Planner
City of San Ramon
925-973-2562
cyee@sanramon.ca.gov

HouseKeys
Unlock Opportunity

City of Hayward

Role: Program Administrator

Program(s): Ownership

Timeline: July 2020 to Present

Scope of Services Includes:

- Buyer Orientation
- Applicant Eligibility (Processing and Underwriting)
- Overseeing Ownership Program
- New Construction Project setup
- Program Development (Marketing Materials and Municipal Code Modifications)

Description of Relevant Experience:

Taylor Morrison (formerly William Lyon Homes) is building an ownership project that contains 28 affordable ownership units. HouseKeys was commissioned to interface with the City of Hayward and help them formalize program materials and facilitate the marketing, application, and transaction process for income-eligible buyers.

Budget: Fee Agreement with Developer

City of Hayward Contact: Christina Morales, Housing Division Manager
City of Hayward
510-583-4243
Christina.morales@hayward-ca.gov

HouseKeys
Unlock Opportunity

City of Santa Clara

Role: Program Administrator

Program(s): Rental

Timeline: June 2019 to Present

Scope of Services Includes:

- Renter Orientation
- Applicant Eligibility (Processing and Underwriting)
- Participant Compliance
- Asset Management
- Overseeing Rental Program
- Initial Lease-Ups and Vacancies
- Program Development (Marketing Materials and Municipal Code Modifications)

Description of Relevant Experience:

City of Santa Clara recently brought in HouseKeys to be the first 3rd party program administrator to oversee its rental program. This includes a large pipeline of new construction rental units that are being built, along with over 1,400 rental units in its existing inventory.

Budget: $166,000 ($55,000 onboarding)

City of Santa Clara Contact: Jonathan Veach, Housing Division Manager
City of Santa Clara
408-615-2297
jveach@santaclaraca.gov

This Page Intentionally Left Blank

AMENDMENT TO AGREEMENT FOR PROGRAM ADMINISTRATIVE SERVICES

PREAMBLE

This First Amendment to Agreement for Services dated for identification on this 20th day of January, 2026, and amends that certain agreement for Consulting Services dated March 1, 2021, made by and between the Town of Los Gatos ("Town") and HouseKeys ("Consultant"), identified as a C Corporation and whose address is 358 Digital Drive, Morgan Hill, CA 95037.

I. RECITALS

A. Town and Consultant entered into an agreement for Below Market Administrative Services on March 1, 2021 ("Agreement").
B. The Town desires to amend the Agreement sections of term and time of performance and compensation.

II. AMENDMENT

1. 2.1 Term and Time of Performance – The original agreement is amended to extend the expiration date from February 28, 2026, to June 30, 2026. In doing so will align it with existing agreements that are set to expire on that date.
2. 2.6 Compensation – This amendment will increase the total amount of the agreement in the amount of $32,000.00 bringing the total not to exceed amount to $128.000.00.
3. All other terms and conditions of the agreement remain in full force and effect.

ATTACHMENT 2

IN WITNESS WHEREOF, the Town and Consultant have executed this Amendment.

Town of Los Gatos by:

_____

Chris Constantin, Town Manager

HouseKeys by:

_____

Julius Nyanda, CEO/Program Manager

Recommended by:

_____

Joel Paulson, Community Development Director

Approved as to form:

_____

Gabrielle Whelan, Town Attorney

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 9

DATE: January 20, 2026

TO: Mayor and Town Council

FROM: Gabrielle Whelan, Town Attorney

SUBJECT: **Authorize the Town Manager to Execute a Third Amendment to the Contract for Legal Services with the Law Firm of Atchison, Barisone & Condotti to Extend the Term and Increase the Contract Amount by $50,000 in an Amount Not to Exceed $300,000 until June 30, 2026**

RECOMMENDATION: Authorize the Town Manager to execute a third amendment to the contract for legal services with the law firm of Atchison, Barisone & Condotti to extend the term and increase the contract amount by $50,000 in an amount not to exceed $300,000 until June 30, 2026.

FISCAL IMPACT:

Funds have been budgeted for these services in account 1111301-63215, and sufficient funds are available for this increase. The Town Attorney's office is not seeking a budget adjustment at this time.

STRATEGIC PRIORITY:

The strategic priority this item supports is Good Governance.

BACKGROUND:

In December 2022, the Town Attorney's Office entered into an agreement with the law firm of Atchison, Barisone & Condotti to provide on-call legal services for a total contract not to exceed $10,000.

In March 2024, the Town Attorney's Office entered into a first amendment to the agreement with the law firm of Atchison, Barisone & Condotti for a total contract not to exceed $150,000.

PREPARED BY: Bridgette Falconio
Administrate Technician

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

In December 2024, the Town Attorney's Office entered into a second amendment to the agreement with the law firm of Atchison, Barisone & Condotti for a total contract not to exceed $250,000.

The Town Attorney's Office is seeking Town Council approval of a third amendment to the existing contract in the amount of $50,000, for a total amount not to exceed $300,000 through June 30, 2026, which covers three and one-half years of services. Atchison, Barisone & Condotti also provided an updated fee schedule effective January 1, 2026, for their annual CPI Legal Rate Increase. This is a "single source" procurement, because this firm specializes in municipal law issues, is based locally, and is familiar with current legal issues in Santa Clara County.

DISCUSSION:

The proposed contract amendment will fund additional legal services, which will include assistance to the Town with a pending planning application for a CUP modification.

CONCLUSION:

The Town Attorney's Office recommends approval of the contract amendment due to the firm's expertise in municipal law and the need for additional support.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Third Amendment to Agreement
2. First and Second Amendment to the Agreement and Original Agreement

THIRD AMENDMENT TO CONSULTANT SERVICES AGREEMENT
BETWEEN TOWN OF LOS GATOS AND ATCHISON, BARISONE & CONDOTTI, LLP

THIS THIRD AMENDMENT ("Second Amendment"), effective as of January 1, 2026, ("effective date") to the AGREEMENT FOR CONSULTANT SERVICES dated December 7, 2022, is made by and between the TOWN OF LOS GATOS ("Town") and ATCHISON, BARISONE, & CONDOTTI, LLP, formerly known as ATCHISON, BARISONE, & CONDOTTI, APC and is a successor-in-interest thereto ("Consultant"). Town and Consultant may be referred to individually as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Town and Consultant have previously entered into that certain Consultant Services Agreement ("Agreement") dated December 7, 2022 for on-call legal services with an expiration date of December 31, 2025, incorporated herein by this reference; and

WHEREAS, on March 1, 2024, Town and Consultant entered into a First Amendment to the Agreement to specify that services would not exceed the cost of $150,000 during the term of the Agreement, and to amend the conflict of interest clause.

WHEREAS, on December 10, 2024, Town and Consultant entered into this Second Amendment to the Agreement to revise the budget for legal services to add another $100,000 to the prior budget amount, for a total of $250,000.

WHEREAS, Town and Consultant agree to enter into this Third Amendment to the Agreement to extend the term of the Agreement to June 30, 2026, and to agree to an updated compensation rate schedule, as specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between the Parties to incorporate the above Recitals hereto, and the Parties agree to the following:

1. Section 2.2 "Term and Time of Performance" of the Agreement is hereby amended to extend the term to June 30, 2026.

2. Section 2.6 "Compensation" of the Agreement is hereby amended by replacing the prior language with the following:

> "2.6. Compensation.
> "Town will be responsible for payment to Consultant for on-call legal services at the rates set forth in Exhibit A.
>
> Payment for legal services shall not exceed an additional $50,000, totaling $300,000 for Consultant's on-call legal services until June 30, 2026."

3. Except as amended by this Third Amendment, all other applicable terms and conditions of the original and prior amendments shall remain in full force and effect, and shall apply to Consultant, as successor-in-interest to Atchison, Barisone & Condotti, APC. The terms of this Third Amendment shall control if any conflict exists.

4. Each party acknowledges that it has reviewed this Second Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Third Amendment.

5. The unenforceability, invalidity or illegality of any provision(s) of this Third Amendment shall not render the other provisions unenforceable, invalid or illegal.

6. The Parties may execute this Third Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

7. The signatories to this Third Amendment warrant and represent that each is authorized to execute this Third Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Third Amendment.

IN WITNESS WHEREOF, the Town and the Consultant have executed this Third Amendment effective as of the date first written above.

Approved As To Form:

By: _____ Date: _____

Gabrielle Whelan, Town Attorney

CONSULTANT – ATCHISON, BARISONE & CONDOTTI, LLP

By: _____ Date: _____

Barbara H. Choi, Partner

TOWN OF LOS GATOS

By: _____ Date: _____

Chris Constantin, Town Manager

EXHIBIT A

ITEM NO. 9.

ANTHONY P. CONDOTTI
BARBARA H. CHOI
CATHERINE M. BRONSON

OF COUNSEL
JOHN G. BARISONE

KAYLEN R. ANDERSON
ALEX V. AVAKIANTZ
STEPHANIE M. DUCK
ALEX C. GEISE
STEPHANIE Y. HALL
CLAIRE D. HARD
JENNEEN E. HILL
SAMUEL L. HUMY
KIRA J. PETERSEN
VICTORIA K. THOMPSON
ASHLEY B. WHEELOCK
LAUREN V. WILLS

ATCHISON, BARISONE & CONDOTTI
ESTABLISHED IN 1964

ATCHISON, BARISONE & CONDOTTI

PO BOX 481, SANTA CRUZ, CALIFORNIA 95061-0481
P:831-423-8383; F:831-576-2269

ABC LAW Rate Schedule (Effective Jan. 1, 2026)

Partners/Senior Associates	$400/hr
Junior Associates	$350/hr
Law Fellows	$300/hr
Paralegal/Law Clerk	$275/hr
Legal Administrative Staff	$150/hr

Legal Services will be charged in increments of one-tenth (1/10) of an hour.

Town agrees to pay Consultant annual increases to the above rates, which shall apply automatically annually on or after January 1st of the year following the effective date of this Agreement, and are in accordance with the change in the San Francisco Bay Area Consumer Price Index for All Urban Consumers (CPI-U) for the prior twelve (12) month period.

Other than the annual CPI increase, Consultant may increase the hourly rate or costs being charged to Town with prior written notice of the increase to Town.

In addition to paying legal fees, Town shall reimburse Attorney for all costs and expenses incurred relating to the legal services, including but not limited to fees fixed by law or assessed by public agencies, long distance telephone calls, messenger and other delivery fees, postage, in-office photocopying (noncolor at $0.50 per page; color at $1.00 per page), scans at $0.50 per page, fax services at $2.00 per page, investigation expenses, consultant fees, parking, mileage (IRS rates), and other similar items. Town authorizes Consultant to incur all reasonable costs and to hire any investigators or consultants, reasonably necessary in Consultant's judgment, except that Consultant shall obtain Town's consent before doing so, which will not be unreasonably withheld.

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

SECOND AMENDMENT TO CONSULTANT SERVICES AGREEMENT
BETWEEN TOWN OF LOS GATOS AND ATCHISON, BARISONE & CONDOTTI, APC

THIS SECOND AMENDMENT ("Second Amendment"), effective as of December 10, 2024, ("effective date") to the AGREEMENT FOR CONSULTANT SERVICES dated December 7, 2022, is made by and between the TOWN OF LOS GATOS ("Town") and ATCHISON, BARISONE, & CONDOTTI, APC ("Consultant"). Town and Consultant may be referred to individually as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Town and Consultant have previously entered into that certain Consultant Services Agreement ("Agreement") dated December 7, 2022, incorporated herein by this reference; and

WHEREAS, on March 1, 2024, Town and Consultant entered into a First Amendment to the Agreement to specify that services would not exceed the cost of $150,000 during the term of the Agreement, which expires on December 31, 2025, and to amend the conflict of interest clause.

WHEREAS, Town and Consultant agree to enter into this Second Amendment to the Agreement to revise the budget for legal services to add another $100,000 to the prior budget amount, as specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between the Parties to incorporate the above Recitals hereto, and the Parties agree to the following:

1. Section 2.6 "Compensation" of the Agreement is hereby amended to replace the last sentence in this section from the First Amendment, with the following:

> "Payment for legal services shall not exceed an additional $100,000 for a total budget of $250,000 for Consultant's on-call legal services until December 31, 2025."

2. Except as amended by this Second Amendment, all other applicable terms and conditions of the original and First Amendment to the Agreement, and annual fee adjustments shall remain in full force and effect. The terms of this Second Amendment shall control if any conflict exists.

3. Each party acknowledges that it has reviewed this Second Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Second Amendment.

4. The unenforceability, invalidity or illegality of any provision(s) of this Second Amendment shall not render the other provisions unenforceable, invalid or illegal.

5. The Parties may execute this Second Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

6. The signatories to this Second Amendment warrant and represent that each is authorized to execute this Second Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Second Amendment.

IN WITNESS WHEREOF, the Town and the Consultant have executed this Second Amendment effective as of the date first written above.

Approved As To Form:

Signed by:
By: Gabrielle Whelan Date: 12/16/2024
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

CONSULTANT – ATCHISON, BARISONE & CONDOTTI, APC

DocuSigned by:
By: Anthony Condotti Date: 12/12/2024
69F98FEC36914D9...
Anthony P. Condotti, President

DocuSigned by:
By: Barbara H. Choi Date: 12/11/2024
4D749A214F7F427...
Barbara H. Choi, Treasurer

TOWN OF LOS GATOS

Signed by:
By: Chris Constantin Date: 12/16/2024
3EF03F232F1B428...
Chris Constantin, Town Manager

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

FIRST AMENDMENT TO CONSULTANT SERVICES AGREEMENT
BETWEEN TOWN OF LOS GATOS AND ATCHISON, BARISONE & CONDOTTI,APC

THIS FIRST AMENDMENT ("First Amendment"), effective as of March 1, 2024, ("effective date") to the AGREEMENT FOR CONSULTANT SERVICES dated December 7, 2022, is made by and between the TOWN OF LOS GATOS ("Town") and ATCHISON, BARISONE, & CONDOTTI, APC ("Consultant"). Town and Consultant may be referred to individually as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, Town and Consultant have previously entered into that certain Consultant Services Agreement ("Agreement") dated December 7, 2022, incorporated herein by this reference; and

[WHEREAS, Town and Consultant agree to enter into this First Amendment to the Agreement, as specified herein.

AGREEMENT

NOW, THEREFORE, it is agreed between the Parties to incorporate the above Recitals hereto, and that the Agreement is hereby amended as follows:

1. Section 2.6 "Compensation" of the Agreement is hereby amended to add at the end of the this section, the following:

   "Payment for legal services shall not exceed $150,000 in total."

2. Section 2.11 of the Agreement is hereby deleted and replaced by the following:

"2.11 Conflict of Interest. Consultant has no business holdings or agreements with any individual member of the staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements which may create conflicts of interest between Consultant and the Town. Should any such conflict develop, despite efforts to avoid conflicts between Town and any of Consultant's other clients, then Consultant and its attorneys will immediately notify the Town and appropriate measures will be agreed upon, consistent with Consultant's attorneys' professional ethical obligations. The Town acknowledges that in the event of a conflict of interest, the Town will agree to allow Consultant to withdraw from representing the Town in the matter which poses a conflict of interest, such that Consultant may continue its legal representation of Consultant's other clients, in accordance with applicable code of ethics rules."

Except as amended by this First Amendment, all other applicable terms and conditions of the original Agreement and annual fee adjustments shall remain in full force and effect. The terms of this First Amendment shall control if any conflict exists.

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

Each party acknowledges that it has reviewed this First Amendment and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this First Amendment.

The unenforceability, invalidity or illegality of any provision(s) of this First Amendment shall not render the other provisions unenforceable, invalid or illegal.

The Parties may execute this First Amendment in two or more counterparts, which shall, in the aggregate, be deemed an original but all of which, together, shall constitute one and the same instrument. A scanned, electronic, facsimile or other copy of a party's signature shall be accepted and valid as an original.

The signatories to this First Amendment warrant and represent that each is authorized to execute this First Amendment and that their respective signatures serve to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this First Amendment.

IN WITNESS WHEREOF, the Town and the Consultant have executed this First Amendment effective as of the date first written above.

Approved As To Form:

DocuSigned by:

By: Gabrielle Whelan Date: 4/15/2024

EFD6738A5534428...

Gabrielle Whelan, Town Attorney

CONSULTANT – ATCHISON, BARISONE & CONDOTTI, APC

DocuSigned by:

By: Anthony Condotti Date: 4/9/2024

69F98FEC36914D9...

Anthony P. Condotti, President

DocuSigned by:

By: Date: 4/9/2024

4D749A214F7F427...

Barbara H. Choi, Treasurer

TOWN OF LOS GATOS

DocuSigned by:

By: Laurel Prevetti Date: 4/15/2024

853FEEA2EB39470...

Laurel Prevetti, Town Manager

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on December 7, 2022 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Atchison, Barisone and Condotti , a Professional Corporation ("Consultant"), whose address is P.O Box 481, Santa Cruz, CA 95061. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desire to engage Consultant to review the Town's existing Independent Police Auditor Function Policy, recommend updates, and provide services to be performed for on-call municipal law services.

1.2 The Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

1.3 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges Town has relied upon these warranties to retain Consultant.

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide the services described as on-call municipal law services. All direction and approval of Consultant's work for Town shall be by the Office of the Town Attorney.

2.2 Term and Time of Performance. This Agreement will remain in effect from December 7, 2022 to December 31, 2025. Town also agrees to pay Consultant for services performed by Consultant at the request of the Town prior to the effective date of this Agreement.

2.3 Compliance with Laws. The Consultant shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Consultant represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.

2.4 Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Consultant shall not make any of the documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

2.6 Compensation. Compensation for Consultant's professional services shall not exceed $325/hr for shareholders/senior associates, $300/hr for midlevel associates, $275/hr for junior associates, $200/hr for paralegal/law clerk, $125/hr for admin staff, inclusive of all costs. Payment shall be based upon Town approval of each task.

Legal services shall be charged in increments of 1/10 of an hour (i.e., six-minute units).

On or after January 1 of each year commencing in 2024, Consultant may adjust the rates and fees specified herein in accordance with the change in the San Francisco Bay Area Consumer Price Index for All Urban Consumers (CPI-U) for the prior twelve month period provided, however, that Consultant shall provide Town with no less than thirty (30) days advance written notice prior to the effective date of such adjustment.

In addition to paying legal fees, Town shall reimburse Consultant for all costs and expenses incurred relating to the legal services, including but not limited to fees fixed by law or assessed by public agencies, long distance telephone calls, messenger and other delivery fees, postage, in-office photocopying (noncolor at $0.25 per page; color at $.50 per page), scans at $0.20 per page, fax services at $1.00 per page, investigation expenses, third-party consultant fees, parking, mileage (IRS rates), and other similar items. Town authorizes Consultant to incur all reasonable costs and to hire any investigators or third-party consultants, reasonably necessary in Consultant's judgment, except that Consultant shall obtain Town's consent before doing so, which will not be unreasonably withheld.

2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

Invoices:
Town of Los Gatos
Attn: Town Attorney
110 E. Main Street
Los Gatos, CA 95030

2.8 Availability of Records. Consultant shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Consultant shall make these records available to authorized personnel of the Town at the Consultant's offices during business hours upon written request of the Town.

2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Consultant. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

2.10 Independent Contractor. It is understood that the Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Consultant may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

2.11 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. The Consultant has and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

2.13 Business License. Consultant agrees to have and maintain, for the duration of the Agreement, a valid, Town issued business license.

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the Agreement, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars ($1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Consultant agrees to have and maintain for the duration of the Agreement, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

iv. Consultant agrees to have and maintain, for the duration of the Agreement, professional liability insurance in amounts not less than $2,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of Consultant, premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

ii. The Consultant's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.

iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Consultant. In the event of such termination, Town shall pay Consultant an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Consultant.

4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.

4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos
Attn: Town Clerk
110 E. Main Street
Los Gatos, CA 95030

Atchison, Barisone and Condotti APC
Attn: Jennifer Quek
P.O. Box 481
Santa Cruz, CA 95061

or personally delivered to Consultant to such address or such other address as Consultant designates in writing to Town.

4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

4.9 Counterparts. The parties may execute this Agreement in counterparts, which, together, shall constitute one and the same instrument. Electronic, scanned pdf, and facsimile signatures shall be accepted as an original. A copy of this Agreement is valid as the original.

Docusign Envelope ID: AC9A6AEE-B7B3-42A0-B4F9-444CE435C93E

IN WITNESS WHEREOF, the Town and Consultant have executed this Agreement.

DocuSigned by:
Anthony Condotti
2D68E0E477CD43E...

Anthony P. Condotti, President
Atchison, Barisone & Condotti

12/9/2022
Date

DocuSigned by:
4D749A214F7F427...

Barbara H. Choi, Treasurer
Atchison, Barisone & Condotti

12/9/2022
Date

Approved:
TOWN OF LOS GATOS

DocuSigned by:
Laurel Prevetti
863FEEA2EB39470...

Laurel Prevetti, Town Manager

Approved as to Form:

DocuSigned by:
Gabrielle Whelan
EFD6738A5534428...

Gabrielle Whelan, Town Attorney

Attest:

DocuSigned by:
Wendy Wood
BF6EBCBE2C214F8...

Wendy Wood, CMC, Town Clerk

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 10

DATE: January 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Authorize Revenue and Expenditure Budget Adjustments Totaling $196,200.07 to Reflect FY 2025-26 COPS/SLESF Additional Grant Funding from Monte Sereno; Authorize Revenue and Expenditure Budget Adjustments Totaling $251,426.95 to Reflect Prior Year Unspent Overages Received by the Town of Los Gatos; and Authorize the Town Manager to Execute an Agreement in substantially the form prepared with Assure MSP, Inc. to Install, Configure, Provide the Verkada Camara System and Cloud-Management System Under the California Multiple Award Schedule with a Total Project Amount Not to exceed $215,000**

RECOMMENDATION: Authorize revenue and expenditure budget adjustments totaling $196,200.07 to reflect FY 2025-26 COPS/SLESF additional grant funding from Monte Sereno; authorize revenue and expenditure budget adjustments totaling $251,426.95 to reflect prior year unspent overages received by the Town of Los Gatos; and authorize the Town Manager to execute an agreement in substantially the form prepared with Assure MSP, Inc. to Install, Configure, Provide the Verkada Camara System and Cloud-Management System Under the California Multiple Award Schedule with a Total Project Amount Not to exceed $215,000

FISCAL IMPACT:

If the Council approves the proposed recommendation, the Town will receive the Citizen Option for Police Safety Supplemental Law Enforcement Services grant funding. The allocation of all SLESF funds received and expensed will be maintained in the FY 2025-26 Police Department Operating Budget COPS SLESF Grant Program “1114818,” with a corresponding revenue and expenditure line to manage the funds. In addition, staff will make appropriate transfers within the FY 2025-26 Police Department Operating Budget to reflect the proposed allocation of SLESF

PREPARED BY: Rebecca Albin
Police Captain

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

funding during this fiscal year. SLESF budget adjustments ensure that grant funds are used in a timely and appropriate manner according to the grant requirements.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority; however it aligns with the Town's core goal of public safety.

BACKGROUND:

Assure MSP, Inc. (Assure) is a managed service provider that partners with Verkada. Verkada provides a cloud-based physical security platform that integrates video cameras, access control, alarms, environmental sensors, and related tools into a single, centrally managed system. The platform uses a hybrid architecture that combines on-device processing with cloud-based management, reducing reliance on on-premise servers and simplifying deployment across multiple facilities.

Verkada systems are currently deployed across the Bay Area and beyond, reflecting widespread adoption by both municipal governments and public education entities. Existing local users include the Cities of Palo Alto, Sunnyvale, Campbell, San Mateo, Hillsborough, Redwood City, Burlingame, Daly City, Brisbane, Newark, Pleasanton, and Dublin, as well as San Mateo County and Alameda County. Verkada is also utilized by multiple public agencies and special districts, including Palo Alto Unified School District, Sunnyvale Elementary School District, Hillsborough City School District, Redwood City Elementary School District, Alameda Municipal Power, and the Hayward Area Recreation and Park District. Additionally, there are several Police Department community partners within the Town of Los Gatos and City of Monte Sereno that are actively using Verkada solutions currently.

Over the past several months, LGMSPD has implemented a limited pilot program utilizing Verkada camera technology to support public safety operations. The pilot deployment was used during high-attendance town events, including the St. Mary's Christmas Fair, the Hanukkah on Main Menorah Lighting, and the Town Holiday Parade, where the added benefit of camera coverage enhanced situational awareness, supported real-time monitoring, and assisted with post-event review. In addition to event-based use, the technology was deployed in targeted commercial areas as a visible crime-deterrence and crime-suppression measure.

The pilot program also provided an opportunity to assess how the technology could support future emergency preparedness and response efforts. Potential applications include improved situational awareness during evacuations, large-scale emergencies, severe weather events, or other incidents requiring coordinated multi-department response. Using the pilot allowed staff

to evaluate operational effectiveness and the potential role of the technology in enhancing preparedness, response coordination, and public safety decision-making during emergencies.

DISCUSSION:

Investing in interoperable, cloud-based physical security technology now establishes a long-term capability that supports ongoing crime prevention, organized retail theft mitigation, and coordinated public-space safety across jurisdictions. As such, Verkada is designed to complement existing law-enforcement systems and can interface with the Town's recently approved Axon technology, helping to enhance Real Time Intelligence Center (RTIC) capabilities through improved situational awareness, information sharing, and operational coordination. Implementation and support would be provided by Assure, which serves as a contractor for Verkada and would be responsible for system deployment, configuration, and ongoing technical support in coordination with LGMSPD staff.

This integrated approach supports more efficient use of data and resources while operating within established legal, privacy, and governance frameworks. Criminal activity increasingly spans city boundaries and commercial corridors, platforms such as Verkada provide scalable tools that improve detection, documentation, and information sharing while complementing (not replacing) police services.

In the near term, the Bay Area is entering a critical planning and readiness window for upcoming large-scale events such as the Super Bowl and FIFA World Cup. Advancing procurement now allows adequate time for system configuration, training, policy alignment, and interagency coordination, reducing reliance on temporary or untested solutions during high-demand event operations and positioning the Town to integrate seamlessly into regional public-safety efforts.

Plans for deployment include placement of camera systems in strategic locations, based upon observed crime trends, calls for service, and analysis of best practices. Deployment locations were selected to work hand in hand with existing technology and as a foundation for the development of our RTIC. Locations were thoughtfully placed along the Los Gatos downtown corridor as well as along major thoroughfares in Monte Sereno and adjacent to Monte Sereno City Hall.

Location selection was informed by prior incidents in which camera coverage would likely have improved investigative efficiency and evidence collection. For example, just last year, a Monte Sereno resident was the victim of a serious crime in downtown Los Gatos that resulted in significant injury. Identifying suspects and securing evidence required substantial police resources for more than a week. A critical development in the investigation ultimately came

from video footage voluntarily provided by a local business owner. Had the Verkada deployment been operational at that time, investigators may have been able to obtain relevant video footage more quickly, enabling earlier lead development, decreasing the hundreds of hours of staff time required, and narrowing the investigative scope. Ultimately, the Verkada system offers a flexible tool that can support a wide range of Town needs, helping Detectives Officers and Town Staff work more efficiently, respond more effectively to incidents and events, and assist in addressing ongoing quality-of-life concerns in ways that are not currently available.

The procurement of the Verkada system through Assure MSP, Inc. is being completed through the California Multiple Aware Schedule (CMAS) through the State of California's Department of General Services (DGS). Purchasing through California's DGS CMAS allows the Town to bypass lengthy competitive bidding by leveraging Federal purchasing schedules adopted with California specific terms and conditions.

CONCLUSION:

Staff recommends that the Town Council authorize the Town Manager to execute and renegotiate as necessary a 10-year agreement with Assure Enterprise, Inc., for Verkada cameras and hardware, in an amount not to exceed $215,000.

COORDINATION:

This report was coordinated with the offices of the Town Manager, Finance Dept and Town Attorney.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Assure Agreement for Services
2. Exhibit A to Attachment 1 - Assure Scope of Work
3. Assure Sales Order for Procurement and Installation of Verkada

AGREEMENT FOR SERVICES

Assure Agreement for Services

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Assure MSP, Inc. ("Contractor"), a Corporation and whose address is 1048 Serpentine Lane, 304 Pleasanton, CA 94588. This Agreement is made with reference to the following facts.

I. RECITALS

A. For the services described in this Agreement, Contractor was selected for this purchase through the Department of General Services (DGS) California Multiple Aware Schedule (CMAS).

B. Contractor represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

C. Town desires to engage Contractor to provide, install, configure, and commission new surveillance equipment manufactured by Verkada to support public safety operations.

D. Contractor warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Contractor acknowledges Town has relied upon these warranties to retain the Contractor.

II. AGREEMENT

A. Scope of Services. Contractor shall provide services as described in the Scope of Services, which is hereby incorporated by reference and attached as Exhibit A.

B. Term. The term of this Agreement shall be from upon execution to Saturday, June 30, 2036.

C. Compliance with Laws. The Contractor shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Contractor represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for the Contractor to practice its profession. Contractor shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.

D. Sole Responsibility. Contractor shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

E. Information/Report Handling. All documents furnished to the Contractor by the Town and all reports and supportive data prepared by the Contractor under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by the Contractor in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Contractor shall not make any of these documents or information available to any individual or organization not employed by the Contractor or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Contractor pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Contractor in connection with other projects shall be solely at Town's risk, unless Contractor expressly

consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Contractor which is and has been confirmed in writing by Contractor to be a trade secret of the Co

F. Compensation: Compensation for services at the rates set forth in Exhibit A and in the amount **not to exceed $215,000.00**, inclusive of all costs subject to appropriation of funds, notwithstanding any other provision in this agreement. Payment shall be based upon Town approval of each task.

G. Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.
Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:
Invoices: Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

H. Availability of Records. Contractor shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Contractor shall make these records available to authorized personnel of the Town at the Contractor offices during business hours upon written request of the Town.

I. Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Contractor. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

J. Independent Contractor. It is understood that the Contractor, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Contractor may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Contractor agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Contractor shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Contractor or is based on allegations of Contractor's negligent performance or wrongdoing.

K. Conflict of Interest. Contractor understands that its professional responsibilities are solely to the Town. The Contractor has and shall not obtain any holding or interest within the Town of Los Gatos. Contractor has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives, nor shall it enter into any such holdings or agreements. In addition, the Contractor warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Contractor shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this

performance of this Agreement. If after employment of a person Contractor discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Contractor shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

L. Non-Discrimination. Contractor warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither the Contractor nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

III. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Insurance:

1. Contractor agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

2. Contractor agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

3. Contractor shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Contractor agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

B. General Liability:

1. The Town, its elected and appointed officials, employees, and agents are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor, premises owned or used by the Contractor.

2. The Contractor's insurance coverage shall be primary insurance as respects the Town, its elected and appointed officials, employees, and agents. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or agents shall be excess of the Contractor's insurance and shall not contribute with it.

3. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or agents.

4. The Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

C. All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

D. Workers' Compensation. In addition to these policies, Contractor shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to th before beginning services under this Agreement. Further, Contractor shall ensure that all subcontractors employed by Contractor provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

E. Indemnification. The Contractor shall indemnify the Town its elected and appointed officials, employees and agents from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any act or omissions of the Contractor, or any of the Contractor's officers, employees, or agents or any subcontractor. Contractor shall defend the Town against any such claims.

IV. GENERAL TERMS

A. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

B. Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

C. Termination of Agreement. The Town and the Contractor shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Contractor shall deliver to the Town all plans, files, documents, reports, performed to date by the Contractor. In the event of such termination, Town shall pay the contractor an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

D. Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Contractor.

E. Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos
Attn: Town Clerk
110 E. Main Street, Los Gatos, CA 95030

Assure MSP, Inc.
1048 Serpentine Lane, 304 Pleasanton, CA 94588

or personally delivered to the Contractor to such address or such other address as the Contractor designates in

writing to Town.

F. Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

G. Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and the Contractor. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

IN WITNESS WHEREOF, the Town and the Contractor have executed this Agreement.

TOWN OF LOS GATOS:

SIGNATURE

Chris Constantin

FULL NAME

Town Manager

TITLE

DATE SIGNED

CONTRACTOR: Enter name of contractor

SIGNATURE

VENDOR SIGNATORY'S FULL NAME

VENDOR SIGNATORY'S TITLE

DATE SIGNED

Approved as to form:

SIGNATURE

Gabrielle Whelan

FULL NAME

Town Attorney

TITLE

DATE SIGNED

The execution date is the date on which the last party has signed.

January 7, 2026

Customer: Los Gatos Police Department

Attention: Rebecca Albin

Proposal: LGPD SO# 1008949

Dear Captain Albin:

We are pleased to submit the following proposal for consideration based on specifications received to include the following:

BASE BID SCOPE OF WORK

Provide, install, configure, and commission the following new surveillance equipment manufactured by Verkada:

- (4) CY63-E Cameras
- (1) CD43-E Camera
- (1) CM42 Camera
- (2) CP63-E Cameras
- (8) CR63-E Cameras
- (2) CH63-E Cameras
- (1) CB62-E Camera
- (2) CD63-E Cameras
- (7) GC31-E Cellular Gateways
- (1) Verkada Intercom

All devices will be mounted in agreed-upon locations and integrated into a single cloud-managed system.

See attached "LGPD SO # 1008949" for pricing, components & specs.

**Proposed pricing is valid for 20 days.*

Clarifications:

-Price based upon normal working hours – Monday through Friday between the hours of 7:00AM until 5:00PM. Overtime is excluded.

Exclusions:

- Any and/or all work not listed in the above Scope of Work.
- Repairing existing low voltage code violations.
- Demo, relocation and/or re-supporting of existing low voltage not listed in SOW.
- New and/or upgrades to existing patch panels to accommodate new patch panels.
- HVAC feeders, control wiring and/or raceway.
- F/A, security wiring and/or raceway.
- Audio cabling or raceway.
- Paint and/or patching.
- Asbestos abatement and/or removal.
- Dumpster, off haul and/or recycling fees.
- Unforeseen site and/or subsurface conditions.
- Underground trenching, backfill, and/or patch.
- Concrete saw cut, coring and/or installation of floor boxes.
- Concrete x-ray services.
- Additional insurance requirements and/or costs above our current limits.
- Engineering and/or design drawings.
- Permit and/or Building Department Fees.
- Overtime, PM and or weekend work.
- Cable Certification.

STANDARD TERMS AND CONDITIONS

1. Engagement of Services
Once work is authorized by the customer, Assure MSP is committed to certain "ramp up' expenses, both direct and indirect (i.e., specific training, travel, special tools, materials, project management, etc.) which are generally priced into the entire scope of the project. If the project is cancelled, delayed, terminated, or significantly changed through no fault of Assure MSP, these expenses will be due and payable to Assure MSP on a pro-rata basis. Any request for reimbursement of these expenses will be itemized and defined.

2. Changes to Scope of Work
Assure MSP will notify the customer if there is a material change to the Scope of Work that will require Assure MSP to spend more money than originally budgeted. The customer agrees to pay Assure MSP for such expenses plus reasonable profit and overhead if the customer desires to continue under the changed Scope of Work.

3. Payment Terms
Standard payment terms are due upon receipt unless stated differently on the front of this proposal.

4. Warranty
Customer satisfaction is a prime objective in the Assure MSP organization. In any instance where Assure MSP's low voltage cable installation fails to perform to the customer's satisfaction, it is Assure MSP's policy to provide prompt and effective investigation of the situation. Assure MSP warrants that its low voltage installation will be in accordance with stated specifications and will be free from defects in workmanship and materials for a period of 1-Year.

5. Incorporation by Reference
Unless expressly agreed in writing, their Standard Terms and Conditions are a part of, and hereby incorporated by reference, all Proposals submitted by Assure MSP, Inc.

6. Indemnity
To the fullest extent permitted by law Owner shall defend, indemnify, and hold harmless Contractor from and against all claims, demands, damages, causes of action, liabilities, charges, penalties, fine costs, fees, losses, damages, expenses, suits, settlements, awards, and judgments (including reasonable attorney fees) and every kind and nature whatsoever arising from or in connection with or incidental to the performance of work under this agreement.

Thank you for giving Assure MSP the opportunity to provide services for you. If you have any questions or need assistance to expedite your project, please feel free to contact me at (415) 516-7475.

Sincerely,

Dylan Graf
Assure MSP, Inc.
(650) 477-7690

I am authorizing Assure MSP to perform the project per the scope of work above:

Authorized Signature: _____

Authorized Name (Printed):_____

Purchase Order: _____

Assure MSP, Inc.
1048 Serpentine Lane, 304
Pleasanton, CA 94588
LIC # 1107485

Sales Order: 1008949

January 7, 2026

Bill To:	Los Gatos Police Department	**Ship To:**	Same
Address	110 E Main St	**Address**	
City, State, Zip	Los Gatos, CA 95030	**City, State, Zip**	

Salesperson	PO#	Delivery Method	Delivery Date	Job Site	Payment Terms
Dylan Graf		Truck		Los Gatos	50% MD / 50% UC

Qty	Item #	Description	Unit Price	Line Total
		City Hall Cameras		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-YPEND-1	Verkada Two-Camera Multisensor Pendant Cap Mount	$87.20	$87.20
1	CD43-256E-HW	Verkada CD43-E Outdoor Dome Camera, 5MP, Fixed Lens, 256GB of Storage, Maximum 30 Days of Retention	$959.20	$959.20
1	CM42-256-HW	Verkada CM42 Indoor Mini Dome Camera, 5MP, Fixed Lens, 256GB of Storage, Maximum 30 Days of Retention	$559.20	$559.20
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20
3	PS-CAM-INST01	Camera Installation, configuration, alignment, network setup, and labeling - Level 1	$850.00	$2,550.00
3	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$391.20
3	PS-CAM-CONFIG	Camera System Network Configuration & Training	$160.00	$480.00
		Subtotal: $13,342.80		
		City Hall Intercom		
1	TD53-HW	Verkada TD53 Video Intercom Reader	$1,439.20	$1,439.20
1	LIC-TD-10Y-CAP	Verkada 10-Year Intercom License, Capacity Increase	$2,799.20	$2,799.20
1	PS-INT-INST01	Intercom cabling, installation, configuration, validation - Level 1	$1,250.00	$1,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
1	PS-INT-DR-INST	Intercom and door reader wiring, configuration, and testing	$1,200.00	$1,200.00
1	PS-INT-CONFIG	Intercom network configuration and training	$250.00	$250.00
1	AMI-PS-125UL	Access control power supply, 12/24v	$235.99	$235.99
1	PS-AD-1POWER-INST	Single Door Power supply installation and testing	$350.00	$350.00
1	PS-AD-STRK-INST	Installation & Testing of Electrified Strike	$1,750.00	$1,750.00
		Subtotal: $9,404.79		
		Location 2		

Sales Order: 1008949

January 7, 2026

1	CP63-1TBE-HW	Verkada CP63 Outdoor PTZ Camera, 4K, 1TB of Storage, Maximum 30 Days of Retention	$3,759.20	$3,759.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACC-MNT-XLARM-1	Verkada Large Arm Mount (PTZ)	$127.20	$127.20
1	ACC-MNT-PEND-1	Verkada Pendant Cap Mount	$55.20	$55.20
1	ACC-POLE-1	Verkada 12ft /3.7m Above Grade Pole for use with CR camera and accessories	$799.20	$799.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
1	PS-POLE-INST01	12fr /3.7m Pole Installation	$2,750.00	$2,750.00
		Subtotal: $15,962.38		
		Location 4		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 5		
2	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$5,598.40
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
2	ACC-BAT-430WH-E-1	Verkada 430Wh Backup Battery for CR camera	$1,119.20	$2,238.40
2	ACC-SOLP-100W-1	Verkada 100 Watt Solar Panel	$215.20	$430.40
2	ACC-MNT-SOLP-1	Verkada Solar Panel Pole Mount for 100 Watt Solar Panel/ 65 Watt Solar Panel	$399.20	$798.40
2	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$5,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
		Subtotal: $18,024.80		

Sales Order: 1008949

January 7, 2026

		Location 6		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 7		
1	CH63-2TBE-HW	Verkada CH63-E Outdoor Four-Camera Multisensor Camera, 4x4K, Zoom Lens, 2TB of Storage, Maximum 30 Days of Retention	$3,359.20	$3,359.20
1	LIC-CAM-MLT4-10Y-CAP	Verkada 10-Year Four-Camera Multisensor License, Capacity Increase	$4,799.20	$4,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-HPEND-1	Verkada Four-Camera Multisensor Pendant Cap Mount	$111.20	$111.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $15,540.38		
		Location 8		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 14		
1	CH63-2TBE-HW	Verkada CH63-E Outdoor Four-Camera Multisensor Camera, 4x4K, Zoom Lens, 2TB of Storage, Maximum 30 Days of Retention	$3,359.20	$3,359.20

Sales Order: 1008949

January 7, 2026

1	LIC-CAM-MLT4-10Y-CAP	Verkada 10-Year Four-Camera Multisensor License, Capacity Increase	$4,799.20	$4,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-HPEND-1	Verkada Four-Camera Multisensor Pendant Cap Mount	$111.20	$111.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $15,540.38		
		Location 15		
1	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$2,799.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	PS-CAM-INST03	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$2,750.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $7,598.00		
		Location 16		
2	CR63-512E-HW	Verkada CR63-E Outdoor Remote Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$2,799.20	$5,598.40
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
2	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$638.40
2	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$2,750.00	$5,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
		Subtotal: $15,196.00		
		Location 17		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20
1	CB62-512E-HW	Verkada CB62-E Outdoor Bullet Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$1,599.20	$1,599.20
1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20

Sales Order: 1008949

January 7, 2026

1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
2	PS-CAM-INST02	Camera Installation, configuration, alignment, network setup, and labeling - Level 2	$1,250.00	$2,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
		Subtotal: $14,322.38		
		Location 18		
1	CP63-1TBE-HW	Verkada CP63 Outdoor PTZ Camera, 4K, 1TB of Storage, Maximum 30 Days of Retention	$3,759.20	$3,759.20
1	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$1,599.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-XLARM-1	Verkada Large Arm Mount (PTZ)	$127.20	$127.20
1	ACC-MNT-PEND-1	Verkada Pendant Cap Mount	$55.20	$55.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $12,732.38		
		Location 20		
2	CD63-512E-HW	Verkada CD63-E Outdoor Dome Camera, 4K, Zoom Lens, 512GB of Storage, Maximum 30 Days of Retention	$1,519.20	$3,038.40
2	LIC-CAM-10Y-CAP	Verkada 10-Year Camera License, Capacity Increase	$1,599.20	$3,198.40
2	PS-CAM-INST02	Camera Installation, configuration, alignment, network setup, and labeling - Level 2	$1,250.00	$2,500.00
2	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$260.80
2	PS-CAM-CONFIG	Camera System Network Configuration & Training	$160.00	$320.00
		Subtotal: $9,317.60		
		Location 21		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20

Sales Order: 1008949

January 7, 2026

1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-YPEND-1	Verkada Two-Camera Multisensor Pendant Cap Mount	$87.20	$87.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $12,396.38		
		Location 22		
1	CY63-1TBE-HW	Verkada CY63-E Outdoor Two-Camera Multisensor Camera, 2x4K, Zoom Lens, 1TB of Storage, Maximum 30 Days of Retention	$2,239.20	$2,239.20
1	LIC-CAM-MLT2-10Y-CAP	Verkada 10-Year Two-Camera Multisensor License, Capacity Increase	$2,799.20	$2,799.20
1	GC31-E-HW	Verkada GC31 Cellular Gateway, Outdoor	$1,039.20	$1,039.20
1	LIC-GC-10Y-CAP	Verkada 10-Year Cellular Gateway License, Capacity Increase	$2,159.20	$2,159.20
1	ACCX-TAP-DC100-E	FP AC/DC 7-Pin Power Tap, 100W PoE Output, Outdoor, Model Number: FP287A-180-BEN-A	$319.20	$319.20
1	ACC-MNT-POLE-1	Verkada Pole Mount	$167.20	$167.20
1	ACC-MNT-ARM-1	Verkada Arm Mount	$79.20	$79.20
1	ACC-MNT-YPEND-1	Verkada Two-Camera Multisensor Pendant Cap Mount	$87.20	$87.20
1	AMI-ELECBOX	Steel enclosure electrical box, IP66 waterproof & dustproof	$126.38	$126.38
1	PS-CAM-INST03-PW	Camera Installation, configuration, alignment, network setup, and labeling - Level 3	$3,250.00	$3,250.00
1	AMI-CBLMNTMAT	Cat6 Ethernet cable, Mounts, & Materials	$130.40	$130.40
		Subtotal: $12,396.38		
			Subtotal	**$194,568.68**

Sales Order: 1008949

January 7, 2026

No.	Type	Description	Unit Price	Line Total
1	Note	Please note that the proposed system requires a high speed internet connection. This provides remote monitoring, system updates and accurate timestamping. Verkada's technology removes the need for a local DVR/Machine that draws power and requires maintenance and updates.		
1.1	Note	Pricing in this Sales Order is based on the proposed quantity and scope of work documented herein. If the proposed quantities change, the proposed pricing will be adjusted to reflect the revised quantities and scope of work.		
1.2	Exclusion	Assure MSP, Inc. is not providing high speed internet or managed services unless otherwise noted in this quote.		
1.3	Note	Each MDF/IDF location will need access to 1 power outlet to provide power to a PoE switch which will provide power to the cameras.		
1.4	Exclusion	Customer will provide 1 DHCP Enabled, PoE capable switch port for each camera proposed herein for power and network connectivity unless switches are explicitly detailed herein.		
2	Shipping	UPS Ground		
3	Managed	Optional Managed Service Contract priced at $20 per Camera / mo. Includes quarterly performance review & testing to maintain optimal performance.		

Subtotal	$0.00
Total	$194,568.68
Promotion	($6,632.00)
Sales Tax	$12,255.62
Shipping	$92.00
Total	**$200,284.30**

Payment Schedule		
Mobilization Deposit - Billed Upon Accepted Sales Order: 50%	**$**	**100,142.15**
Balance Due - Billed Upon Completion of Project: 50%	**$**	**100,142.16**

Acknowledge and Acceptance

Authorized Signature: _____ Company Name: _____

Print Name: _____ Date: _____

Title: PO#:

Make all checks payable to Assure MSP, Inc.

Thank you for your business!

This Sales Order is subject to our Terms and Conditions which can be found at:

https://www.assuremsp.com/Agreements

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 11

DATE: January 05, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution of the Town Council of the Town of Los Gatos to Authorize Investment Monies in the Local Agency Investment Fund and Rescind Resolution 2007-093**

RECOMMENDATION: Staff recommends that the Council adopt a resolution to authorize investment monies in the Local Agency Investment Fund and rescind Resolution 2022-049.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this report.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority.

BACKGROUND:

The Local Agency Investment Fund (LAIF), an investment pool run by the California State Treasurer, requires a Council-approved resolution authorizing the individuals who are entitled to make investments and withdrawals from the LAIF accounts. Only those authorized by resolution may make changes to the LAIF account and can delegate responsibility for day-to-day LAIF transactions to others. With the recent retirement of the Town's Finance Director and the appointment of a new Administrative Services Director, it is prudent to update the LAIF authorizations.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager and Town Attorney

SUBJECT: Adopt a Resolution of the Town Council of the Town of Los Gatos to Authorize Investment Monies in the Local Agency Investment Fund
DATE: January 5, 2026

DISCUSSION:

Management responsibility for the Town's investment program is delegated annually by the Town Manager to the Town Treasurer/Finance Director ("Treasurer") pursuant to California Government Code Section 36510. In accordance with the Town Council Resolution No 2022-049, there are three positions currently authorized to deposit and withdraw LAIF monies on behalf of the Town of Los Gatos. Those positions are the Mayor, Town Manager, and Finance Director. The proposed draft resolution recommends authorizing the Mayor, Town Manager, and the Administrative Services Director, who also serves as the Town Treasurer/Finance Director. The Town Treasurer's function has resided with the Finance Director since 2016. With the recent retirement of the Finance Director, the newly appointed Administrative Services Director, Kristina Alfaro, has been added to the list. While the resolution refers to officers holding the title(s) specified herein below or their successors in office, the names have been updated with the most recent officers in the draft resolution.

COORDINATION:

This report has been prepared in coordination with the Town Manager's Office and the Town Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Draft Resolution to Authorize Investment Monies in the Local Agency Investment Fund
2. Resolution 2022 - 043

DRAFT RESOLUTION 2026-

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS TO AUTHORIZE INVESTMENT MONIES IN THE LOCAL AGENCY INVESTMENT FUND

WHEREAS, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Town Council hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 seq. for the purpose of investment as provided therein is in the best interests of the Town of Los Gatos,

NOW, THEREFORE, BE IT RESOLVED: that the Town Council hereby authorizes the deposit and withdrawal of the Town of Los Gatos monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. Seq. for the purpose of investment as provided therein.

BE IT FURTHER RESOLVED, as follows:

Section 1. The following Town of Los Gatos officers holding the title(s) specified herein below **or their successors in office** are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of their resolution and the transactions contemplated hereby:

Rob Moore	Chris Constantin	Kristina Alfaro
(NAME)	(NAME)	(NAME)
Mayor	Town Manager	Administrative Services Director
(TITLE)	(TITLE)	(TITLE)

Section 2. This resolution shall remain in full force and effect until rescinded by the Town Council by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office. This resolution supersedes all prior resolutions of the Town Council of the Town of Los Gatos, specifically Resolution 2022-049 is hereby rescinded.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 20th day of January, 2026 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

RESOLUTION 2022-049

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS TO AUTHORIZE INVESTMENT MONIES IN THE LOCAL AGENCY INVESTMENT FUND

WHEREAS, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Town Council hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 seq. for the purpose of investment as provided therein is in the best interests of the Town of Los Gatos,

NOW, THEREFORE, BE IT RESOLVED: that the Town Council hereby authorizes the deposit and withdrawal of the Town of Los Gatos monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. Seq. for the purpose of investment as provided therein.

BE IT FURTHER RESOLVED, as follows:

Section 1. The following Town of Los Gatos officers holding the title(s) specified herein below **or their successors in office** are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of their resolution and the transactions contemplated hereby:

Rob Rennie	Laurel Prevetti	Gitta Ungvari
(NAME)	(NAME)	(NAME)
Mayor	Town Manager	Finance Director
(TITLE)	(TITLE)	(TITLE)
(SIGNATURE)	(SIGNATURE)	(SIGNATURE)

Section 2. This resolution shall remain in full force and effect until rescinded by the Town Council by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office. This resolution supersedes all prior resolutions of the Town Council of the Town of Los Gatos, specifically Resolution 2007-093 is hereby rescinded.

ATTACHMENT 2

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 12th day of July, 2022 by the following vote:

COUNCIL MEMBERS:

AYES: Mary Badame, Matthew Hudes, Maria Ristow, Marico Sayoc, Mayor Rob Rennie

NAYS: None

ABSENT: None

ABSTAIN: None

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 7/13/22

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 7/13/2022

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 12

DATE: January 13, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: Authorize the Town Manager to Execute a Third Amendment with Chavan & Associates, LLP. to Extend the Contract for One Year and Increase Compensation by $59,000 for a Total Agreement Amount Not to Exceed $248,000.

RECOMMENDATION: Authorize the Town Manager to execute a third amendment with Chavan & Associates, LLP. to extend the contract for one year, update the scope of the original agreement, and increase the compensation by $59,000 for a total agreement amount not to exceed $248,000.

FISCAL IMPACT:

The funds are included in the FY 2025-26 Operating Budget. In the subsequent year, charges will be included in the proposed Operating and Capital Budget.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority. However, it does align with the Town's core goals of good governance, fiscal stability, and quality public infrastructure.

BACKGROUND:

In 2021, the Town of Los Gatos issued a Request for Proposal (RFP) for qualified independent certified public accounting firms to audit its annual financial statement for three fiscal years (FY 2021-22, 2022-23, and 2023-24), with an option to extend the agreement an additional two fiscal years with Town Council approval.

Based upon the proposals, interviews, and reference checks, Town staff, in consultation with the Finance Commission, selected Chavan & Associates, LLP. On December 21, 2021, the Town

PREPARED BY: Eric Lemon
Finance and Accounting Manager

Reviewed by: Town Manager, Town Attorney, and Assistant Town Manager

Council received the Finance Commission's recommendation and authorized the Town Manager to execute a three-year agreement with Chavan & Associates, LLP.

On April 2, 2024, the Council approved the first amendment to the agreement which updated the scope of services and compensation in the contract to include required Transportation Development Act Audits.

On February 18, 2025, the Council approved the second amendment to the agreement which update the scope of service, term, and compensation.

DISCUSSION:

With this third amendment, the Town requests to extend the agreement with Chavan & Associates, LLP for an optional one-year term and amend the agreement to update the term and compensation sections.

The Firm will charge for additional services up to $4,000 for out-of-scope work on the FY 2024-25 Single Audit due to a delay in receiving audit requests caused by the new Tyler ERP implementation. The work is based on an hourly rate provided in the original engagement letter. The additional charges are included in the amended not to exceed amount.

CONCLUSION:

Staff recommends the Council authorize the Town Manager to execute a third amendment with Chavan & Associates, LLP. to extend the contract for one year and increase the compensation by $59,000 for a total agreement amount not to exceed $248,000.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Third Amendment with Chavan & Associates, LLP
2. Engagement Letter – FY 2025-26 Town Audit
3. Second Amendment with Chavan & Associates, LLP
4. First Amendment with Chavan & Associates, LLP
5. Original Agreement with Chavan & Associates, LLP

3rd AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT is dated for identification this 26th day of January, 2026 and amends that certain agreement for Auditing Services dated 1/12/2022, made by and between the Town of Los Gatos, ("Town,") and the Chavan & Associates, LLP. (“Consultant.”)

RECITALS

A. Town and Consultant entered into an Auditing Services Agreement on 1/12/2022, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 4 to this Amendment.

B. Town and Consultant entered into a 1st Amendment to the Agreement on 4/2/2024, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 3 to this Amendment.

C. Town and Consultant entered into a 2nd Amendment to the Agreement on 2/12/25, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 2 to this Amendment.

D. Town desires to amend the Agreement to update the term and time of performance and compensation sections.

AMENDMENT

1. Section 2.2, “Term and Time of Performance is amended to read this contract will remain in effect from 01/01/22 to 01/31/27.

2. Section 2.6, “Compensation” is amended to read Compensation for the consultant’s professional services will be increased by $59,000 for a total agreement that **shall not exceed $248,000**, inclusive of all costs. Payment shall be based upon Town approval of each task.

3. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Town and Consultant have executed this Amendment.

Town of Los Gatos

By: _____
Chris Contantin, Town Manager

Approved as to Consent:

By: _____
Chavan & Associates, LLP

Department Approval:

_____
Kristina Alfaro
Administrative Services Director

Approved as to Form:

_____
Gabrielle Whelan, Town Attorney

Attest:

_____
Wendy Wood, CMC, Town Clerk

Chavan and Associates, llp
Certified Public Accountants

December 7, 2025

Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

We are pleased to confirm our understanding of the services we are to provide for the Town of Los Gatos (the "Town") for the fiscal year ending June 30, 2026. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. In addition, we will audit the Town's compliance over major federal award programs, and perform the services as noted in **Exhibit A,** as applicable each fiscal year. We are pleased to confirm our acceptance of this audit engagement by means of this letter.

Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with Government Auditing Standards (GAGAS), will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and Government Auditing Standards, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), require that the items noted below be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP and will be subjected to certain limited procedures but will not be audited:

1. Management's discussion and analysis.
2. Major fund budget to actual schedules.
3. Pension schedules.
4. Other postemployment benefit schedules.

Supplementary Information Other than RSI

Supplementary information other than RSI will accompany the Town's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with U.S. GAAS.

We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. Nonmajor governmental fund combining balance sheets and statements of revenues, expenditures and changes in fund balances.
2. Nonmajor budgetary comparison schedules.
3. Proprietary funds combining balance sheets and statements of revenues, expenditures and changes in net position, and cash flows, as applicable.
4. Fiduciary fund statements, as applicable.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

1. ACFR introductory section.
2. Statistical tables.

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

awards is presented fairly in all material respects in relation to the financial statements as a whole.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Auditor Responsibilities

We will conduct our audit in accordance with GAAS *a*nd in accordance with Government Auditing Standards. As part of an audit in accordance with GAAS *and in accordance with Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

- Obtain an understanding of the system of internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.[2] However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and Government Auditing Standards does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of [Entity Name]'s compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit of Major Program Compliance

Our audit of the Town's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions of U.S. Office of Management and Budget's (OMB) Uniform Guidance; and will include tests of accounting records, a determination of major programs in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and in accordance with Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we considers necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenses of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance requirements;
6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;;
7. For identifying and ensuring that the Town complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs and implementing systems designed to achieve compliance with applicable laws, regulations, grants, and contracts applicable to activities and its federal award programs;
8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package and data collection form to the appropriate parties;
14. For making the auditor aware of any significant vendor / contractor relationships where the vendor / contractor is responsible for program compliance;
15. To provide us with:
    a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
    b. Additional information that we may request from management for the purpose of the audit; and
    c. Unrestricted access to persons within the Town from whom we determine it necessary to obtain audit evidence.
    d. A written acknowledgement of all the documents that [management] expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;4 and
    e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
16. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the Town's auditor;

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
18. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
20. For informing us of any known or suspected fraud affecting the Town involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance and the financials;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
23. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the supplementary information and schedule of expenditures of federal awards (SEFA) referred to above, you acknowledge and understand your responsibility (a) for the preparation of the supplementary information and SEFA in accordance with the applicable criteria, (b) to provide us with the appropriate written representations regarding the supplementary information and SEFA, (c) to include our report on the supplementary information and the SEFA in any document that contains the supplementary information and that indicates that we have reported on such supplementary information and the SEFA, and (d) to present the supplementary information and the SEFA with the audited financial statements, or if the supplementary information and the SEFA will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information and the SEFA no later than the date of issuance by you of the supplementary information and the SEFA and our reports thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit. We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Chavan and Associates, llp
Certified Public Accountants

Audit Administration and Fees

Our all-inclusive maximum fee for these services will be as follows **(see Exhibit A)**:

Fiscal year ending June 30, 2026	$55,000

Our fees include out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.).

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit as follows:

Engagement Partner	$300 per hour
Associate Partner	$250 per hour
Manager	$200 per hour
Senior Auditor	$150 per hour
Staff Auditor	$125 per hour
Administrative	$100 per hour

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report.

You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If cooperation is not provided as anticipated and at a level that hinders the progress of the services to be provided, we retain the right to terminate the contract for cause with thirty (30) days' notice. During that time, the Town will have the opportunity to provide the cooperation required to complete the audit and C&A may rescind the cancellation.

If the services to be performed by C&A are not performed in an acceptable manner to the Town, the Town may cancel this contract for cause by providing notice to C&A, giving at least thirty (30) days' notice of the proposed cancellation and the reasons for same. During that time period, C&A may seek to bring the performance of services to a level that is acceptable to the Town, and the Town may rescind the cancellation if such action is in Town's best interest. Notwithstanding the above provisions, the Town may, upon the expiration of thirty (30) days written notice to C&A, terminate the agreement at will. Payment for services or goods received prior to termination shall be made by the Town provided those goods or services were provided in a manner acceptable to the Town. Payment for those goods and services shall not be unreasonably withheld.

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Sheldon Chavan, CPA, is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Chavan & Associates LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The audit documentation for this engagement is the property of Chavan & Associates LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to state and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Chavan & Associates LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

We will be available during the year to consult with you on financial management and accounting matters of a routine nature. You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued. In accordance with the requirements of *Government Auditing Standards*, a copy of our latest external peer review report of our firm is available upon request or on our website.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Nonattest Services

With respect to any nonattest services we perform, the Town's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Nonattest services include the preparation of the audited financial statements, note disclosures, supplemental information (as noted above), the schedule of expenditures of federal awards, the data collection form, the state controller's annual reports; statistical schedules that are derived from the audited financial statements. These items will be prepared from information prepared and provided by the Town during our audit, such as the Town's trial balance.

We will not assume management responsibilities on behalf of the Town. However, we will provide advice and recommendations to assist management in performing its responsibilities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards, including GAAS, GAGAS and Uniform Guidance as previously noted.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the Town with regard to the nonattest services provided, but the Town must make all decisions with regard to those matters.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Reporting

We will issue a written report upon completion of our audit of the Town's basic financial statements. Our report will be addressed to the Town Council. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Chavan and Associates, llp
Certified Public Accountants

In accordance with the requirements of Government Auditing Standards, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

At the conclusion of our audit engagement, we will communicate to management and the Council the following significant items from the audit:

- Our view about the qualitative aspects of the Town's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing this letter and emailing it to us at info@cnallp.com. If you have any questions, please let us know.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Very truly yours,

C & A LLP

Sheldon Chavan, CPA, Managing Partner
Chavan & Associates, LLP

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

RESPONSE:

This letter correctly sets forth the understanding of the Town of Los Gatos.

Signature:

Title:

Date:

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Chavan and Associates, llp
Certified Public Accountants

Exhibit A

Services	Hours	2026
Town Audit	340	$ 36,000
Single Audit	30	3,000
GANN Limit	4	500
ACFR Preparation	48	6,000
Consulting, Updates and Guidance	N/A	Included
Present Reports to Board and Committees	N/A	Included
Conversion Entries	N/A	Included
Subtotal Base Audit	**422**	**45,500**
Annual Financial Transactions Report	16	2,500
TDA Audit	32	4,000
Measure G AUP	24	3,000
Total All-Inclusive Maximum Price	**494**	**$ 55,000**

16450 Monterey Road, Ste. 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

2nd AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT is dated for identification this 12th day of February, 2025 and amends that certain agreement for Auditing Services dated 1/12/2022, made by and between the Town of Los Gatos, ("Town,") and the Chavan & Associates, LLP. (“Consultant.”)

RECITALS

A. Town and Consultant entered into an Auditing Services Agreement on 1/12/2022, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 5 to this Amendment.

B. Town and Consultant entered into a 1st Amendment to the Agreement on 4/2/2024, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 4 to this Amendment.

C. Town desires to amend the Agreement to update the scope of work, term and time of performance, and compensation sections.

AMENDMENT

1. Section 2.1, “Scope of Services” is amended to include the additional services described in that certain proposal sent to the Town on October 8, 2021, Engagement Letter dated March 25, 2024, Engagement Letter dated October 7, 2024, and Engagement Letter dated December 19, 2024, which is hereby incorporated by reference and included as attachments 5, 4, 3, and 2, respectively.

2. Section 2.2, “Term and Time of Performance is amended to read this contract will remain in effect from 01/01/22 to 01/31/26.

3. Section 2.6, “Compensation” is amended to read Compensation for the consultant’s professional services will be increased by $56,500 for a total agreement that **shall not exceed $189,000**, inclusive of all costs. Payment shall be based upon Town approval of each task.

4. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Town and Consultant have executed this Amendment.

Town of Los Gatos

By: _____
Chris Contantin, Town Manager

Approved as to Consent:

By: _____
Chavan & Associates, LLP

Department Approval:

_____
Gitta Ungvari
Director of Finance

Approved as to Form:

_____
Gabrielle Whelan, Town Attorney

Attest:

_____
Wendy Wood, CMC, Town Clerk

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

1st AMENDMENT TO AGREEMENT

This AMENDMENT TO AGREEMENT is dated for identification this 2nd day of April, 2024 and amends that certain agreement for Auditing Services dated 1/12/2022, made by and between the Town of Los Gatos, ("Town,") and the Chavan & Associates, LLP. (“Consultant.”)

RECITALS

A. Town and Consultant entered into an Auditing Services Agreement on 1/12/2022, (“Agreement”), a copy of which is attached hereto and incorporated by reference as Attachment 1 to this Amendment.

B. Town desires to amend the Agreement to update the scope of work and compensation sections.

AMENDMENT

1. Section 2.1, “Scope of Services” is amended to include the additional services described in that certain proposal sent to the Town on October 8, 2021 and Engagement letter dated March 25,2024, which is hereby incorporated by reference and included as attachments 1 and 2, respectively.

2. Section 2.6, “Compensation” is amended to read Compensation for the consultant’s professional services will be increased by $15,500 for total agreement that **shall not exceed $132,500**, inclusive of all costs. Payment shall be based upon Town approval of each task.

3. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the Town and Consultant have executed this Amendment.

Town of Los Gatos

By: DocuSigned by: Laurel Prevetti 4/8/2024
853FEEA2EB39470...
Laurel Prevetti, Town Manager

Approved as to Consent:

By: DocuSigned by: Sheldon Chavan 4/3/2024
718C353CF31C485...
Chavan & Associates, LLP

Department Approval:

DocuSigned by: Gitta Ungvari 4/3/2024
8007F92FD1984FF...
Gitta Ungvari
Director of Finance

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

Approved as to Form:

DocuSigned by:
Gabrielle Whelan 4/8/2024
EFD6738A5534428...
Gabrielle Whelan, Town Attorney

Attest:

DocuSigned by:
Wendy Wood 4/9/2024
BF6EBCBE2C214F8...
Wendy Wood, CMC, Town Clerk

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

Chavan and Associates, llp
Certified Public Accountants

March 25, 2024

Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

We are pleased to confirm our understanding of the services we are to provide for the Town of Los Gatos (the "Town") for the fiscal years ending June 30, 2017, 2020, 2021, 2022 and 2024. We will audit the Transportation Development Act (TDA) financial statements and the related notes to the TDA financial statements for each fiscal year then ended. This includes the annual fiscal audit as required by PUC Section 99245. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit and an opinion on compliance regarding the Town's compliance with the regulations of the Transportation Development Act, including section 6666 of Title 21, of the California Code of Regulations, and the allocation instructions and resolutions of the Metropolitan Transportation Commission.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America (GAGAS). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Our responsibility as auditors is limited to the period(s) covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Town's basic financial statements. Our report will be addressed to the governing body of the Town. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed. We also will perform tests and procedures required by the regulations of the Transportation Development Act, including section 6666 of Title 21, of the California Code of Regulations, and the allocation instructions and resolutions of the Metropolitan Transportation Commission.

Audit of TDA Compliance

Our audit of the Town's compliance will be made in accordance with the requirements of the regulations of the Transportation Development Act, including section 6666 of Title 21, of the California Code of Regulations, and the allocation instructions and resolutions of the Metropolitan Transportation Commission; and will include tests of accounting records and other procedures we consider necessary to enable us to express such an opinion on TDA program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For identifying, in its accounts, all TDA awards received and expended during the period and the TDA programs under which they were received.
4. For maintaining records that adequately identify the source and application of funds for TDA funded activities;
5. For the design, implementation, and maintenance of internal control over TDA awards;
6. For establishing and maintaining effective internal control over TDA awards that provides reasonable assurance that the Town is managing TDA awards in compliance with section 6666 of Title 21, of the California Code of Regulations, and the allocation instructions and resolutions of the Metropolitan Transportation Commission;
7. For identifying and ensuring that the Town complies with laws, regulations, grants, and contracts applicable to its activities and its TDA award programs and implementing systems designed to achieve compliance with applicable laws, regulations, grants, and contracts applicable to activities and its TDA award programs;
8. For disclosing accurately, currently, and completely the financial results of each TDA award in accordance with the requirements of the award;
9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
10. For taking prompt action when instances of noncompliance are identified;
11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
13. For submitting the reporting package to the appropriate parties;
14. For making the auditor aware of any significant vendor / contractor relationships where the vendor / contractor is responsible for program compliance;
15. To provide us with:
    a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

b. Additional information that we may request from management for the purpose of the audit; and
c. Unrestricted access to persons within the Town from whom we determine it necessary to obtain audit evidence.

16. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the Town's auditor;
17. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
18. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
20. For informing us of any known or suspected fraud affecting the Town involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance and the financial statements;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
23. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit. We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Audit Administration and Fees

Our all-inclusive maximum fee for these services will be as follows:

Fiscal year ending June 30, 2017	$2,500
Fiscal year ending June 30, 2020 (Program 1)	$2,500
Fiscal year ending June 30, 2020 (Program 2)	$2,500
Fiscal year ending June 30, 2021	$500
Fiscal year ending June 30, 2022	$2,500
Fiscal year ending June 30, 2024	$2,500 to $5,000

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

Chavan and Associates, llp
Certified Public Accountants

Our fees include out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.).

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit as follows:

Engagement Partner	$175 per hour
Associate Partner	$125 per hour
Manager	$95 per hour
Senior Auditor	$80 per hour
Staff Auditor	$65 per hour
Administrative	$50 per hour

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report.

You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If cooperation is not provided as anticipated and at a level that hinders the progress of the services to be provided, we retain the right to terminate the contract for cause with thirty (30) days' notice. During that time, the Town will have the opportunity to provide the cooperation required to complete the audit and C&A may rescind the cancellation.

If the services to be performed by C&A are not performed in an acceptable manner to the Town, the Town may cancel this contract for cause by providing notice to C&A, giving at least thirty (30) days' notice of the proposed cancellation and the reasons for same. During that time period, C&A may seek to bring the performance of services to a level that is acceptable to the Town, and the Town may rescind the cancellation if such action is in Town's best interest. Notwithstanding the above provisions, the Town may, upon the expiration of thirty (30) days written notice to C&A, terminate the agreement at will. Payment for services or goods received prior to termination shall be made by the Town provided those goods or services were provided in a manner acceptable to the Town. Payment for those goods and services shall not be unreasonably withheld.

Sheldon Chavan, CPA, is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Chavan & Associates LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The audit documentation for this engagement is the property of Chavan & Associates LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to state and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Chavan & Associates LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

We will be available during the year to consult with you on financial management and accounting matters of a routine nature. You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

With respect to any nonattest services we perform, the Town's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Nonattest services include the preparation of the audited financial statements and note disclosures. These items will be prepared from information prepared and provided by the Town during our audit, such as the Town's trial balance.

We will not assume management responsibilities on behalf of the Town. However, we will provide advice and recommendations to assist management in performing its responsibilities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards, including GAAS and GAGAS.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

- This engagement is limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the Town with regard to the nonattest services provided, but the Town must make all decisions with regard to those matters.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to management and the Council the following significant items from the audit:

- Our view about the qualitative aspects of the Town's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, a copy of our latest external peer review report of our firm is available upon request or on our website.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing this letter and emailing it to us at info@cnallp.com or follow the DocuSign link in the email provided. If you have any questions, please let us know.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: EBB2886B-AF0D-4565-A90D-225839A6BB75

Chavan and Associates, llp
Certified Public Accountants

Very truly yours,

C & A LLP

Sheldon Chavan, CPA, Managing Partner
Chavan & Associates, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Town of Los Gatos.

Signature:

Title:

Date:

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

AGREEMENT FOR CONSULTANT SERVICES

THIS AGREEMENT is made and entered into on 01/12/22 by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Chavan & Associates, LLP, ("Consultant"), whose address is 15105 Concord Circle, Suite 130, Morgan Hill CA 95037. This Agreement is made with reference to the following facts.

I. RECITALS

1.1 The Town desire to engage Consultant to provide professional auditing services.

1.2 The Consultant represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

1.3 Consultant warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Consultant acknowledges Town has relied upon these warranties to retain Consultant.

II. AGREEMENTS

2.1 Scope of Services. Consultant shall provide services as described in that certain proposal sent to the Town on October 8, 2021, which is hereby incorporated by reference and attached as Attachment 1.

2.2 Term and Time of Performance. This contract will remain in effect from 01/01/22 to 01/31/25.

2.3 Compliance with Laws. The Consultant shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Consultant represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Consultant to practice its profession. Consultant shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.

2.4 Sole Responsibility. Consultant shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

2.5 Information/Report Handling. All documents furnished to Consultant by the Town and all reports and supportive data prepared by the Consultant under this Agreement are the Town's property and shall be delivered to the Town upon the completion of Consultant's services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by Consultant in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

the Consultant shall not make any of the these documents or information available to any individual or organization not employed by the Consultant or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Consultant pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Consultant in connection with other projects shall be solely at Town's risk, unless Consultant expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Consultant which is and has been confirmed in writing by Consultant to be a trade secret of Consultant.

2.6 Compensation. Compensation for Consultant's professional services **shall not exceed $117,000**, inclusive of all costs. Payment shall be based upon Town approval of each task.

2.7 Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.

Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:

Invoices:
Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655

2.8 Availability of Records. Consultant shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Consultant shall make these records available to authorized personnel of the Town at the Consultant's offices during business hours upon written request of the Town.

2.9 Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Consultant. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

2.10 Independent Contractor. It is understood that the Consultant, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Consultant may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Consultant agrees to testify in any litigation brought regarding the subject of the work to be performed under

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

this Agreement. Consultant shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Consultant or is based on allegations of Consultant's negligent performance or wrongdoing.

2.11 Conflict of Interest. Consultant understands that its professional responsibilities are solely to the Town. The Consultant has and shall not obtain any holding or interest within the Town of Los Gatos. Consultant has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives nor shall it enter into any such holdings or agreements. In addition, Consultant warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Consultant shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person, Consultant discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Consultant shall promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

2.12 Equal Employment Opportunity. Consultant warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither Consultant nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

III. INSURANCE AND INDEMNIFICATION

3.1 Minimum Scope of Insurance:

i. Consultant agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: one million dollars ($1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Consultant agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

iii. Consultant shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Consultant agrees that all

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

certificates and endorsements are to be received and approved by the Town before work commences.

iv. Consultant agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than $1,000,000 which is sufficient to insure Consultant for professional errors or omissions in the performance of the particular scope of work under this agreement.

General Liability:

i. The Town, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of Consultant, premises owned or used by the Consultant. This requirement does not apply to the professional liability insurance required for professional errors and omissions.

ii. The Consultant's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

iii. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.

iv. The Consultant's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

3.2 All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

3.3 Workers' Compensation. In addition to these policies, Consultant shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town before beginning services under this Agreement. Further, Consultant shall ensure that all subcontractors employed by Consultant provide the required Workers' Compensation insurance for their respective employees.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

3.4 Indemnification. The Consultant shall save, keep, hold harmless and indemnify and defend the Town its officers, agent, employees and volunteers from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by a willful or negligent act or omissions of the Consultant, or any of the Consultant's officers, employees, or agents or any subconsultant.

IV. GENERAL TERMS

4.1 Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

4.2 Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

4.3 Termination of Agreement. The Town and the Consultant shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Consultant shall deliver to the Town all plans, files, documents, reports, performed to date by the Consultant. In the event of such termination, Town shall pay Consultant an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

4.4 Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Consultant.

4.5 Disputes. In any dispute over any aspect of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, including costs of appeal.

4.6 Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos
Attn: Town Clerk
110 E. Main Street
Los Gatos, CA 95030

Chavan & Associates, LLP
Attn: Sheldon Chavan
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

or personally delivered to Consultant to such address or such other address as Consultant designates in writing to Town.

4.7 Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

4.8 Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and Consultant. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

IN WITNESS WHEREOF, the Town and Consultant have executed this Agreement.

Town of Los Gatos by:

DocuSigned by:
Laurel Prevetti 1/21/2022
853FEEA2EB3947C...
Laurel Prevetti, Town Manager

Consultant, by:

DocuSigned by:
Sheldon Chavan 1/13/2022
718C359CF31C485...

Recommended by:

DocuSigned by:
Stephen Conway 1/16/2022
BB78BC2D2B2243B...
Stephen Conway, Finance Director

Chavan & Associates, LLP

Approved as to Form:

DocuSigned by:
Robert W. Schultz 1/21/2022
2FE0938555B744C...
Robert Schultz, Town Attorney

Attest:

DocuSigned by:
Shelley Neis 1/21/2022
B9666F65B1E34F6...
Shelley Neis, MMC, CPMC
Town Clerk

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

TECHNICAL PROPOSAL FOR CONDUCTING

THE ANNUAL INDEPENDENT AUDIT OF THE

TOWN OF LOS GATOS

Submitted October 8, 2021

Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037
Phone: (650) 346-1329
Fax: (408) 872-4159
E-mail: sheldon@cnallp.com
Contact: Sheldon Chavan, Partner

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

This Page Intentionally Left Blank

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Title	Page

Transmittal Letter ..... i - ii

A. Independence, License to Practice in CA, and Firm Qualifications & Experience 1
- Independence 1
- License to Practice in California 1
- Contractor Identification and Introduction 1
- Firm Size, Staff Size, Location and Staffing 2
- Range of Services 3
- Contract Terminations and Affirmation Concerning Substandard Audit Work 3
- Equal Opportunity Employer 3
- Subcontractor 3
- Business Licenses 3
- Insurance 4
- Quality Control Review 4

B. Partner, Supervisory and Staff Qualifications and Resumes 5
- Sheldon Chavan, CPA, Managing Partner 5
- Paul Pham, CPA, Partner 8
- Niru Machiraju, CPA, Audit Supervisor 9
- Andrew Quintero, Senior Auditor 10
- Matthew Ojeda, Senior Auditor 11
- Professional Education and Training 12

C. Similar Engagements 13

D. Specific Audit Approach 14
- Phase I - Planning and Risk Assessment 14
- Phase II - Substantive Audit Procedures and Compliance 15
- Phase III - Financial Statement Preparation and Review 15
- Compliance and Program Specific Auditing 16
- Recommendations for Improved Operations 16
- Irregularities and Illegal Acts 16
- Control Risk Assessment 16
- Analytical Procedures 16
- Identification of Potential Audit Problems 17
- Resources Available for Standards Interpretations 17
- Summary of Audit Phases 17
- Summary of Team Assignments 18
- Summary of Roles and Responsibilities 19
- Summary of Staff Hours by Phase 20
- Summary Timeline 20
- Audit Scope 21

E. Discussion of Relevant Accounting Issues 23

F. Additional Information 25
- Current Client List 25
- Technology in the Audit 27
- Proposal Exceptions 27
- C&A's Responsibility for Detecting Fraud 27

Attachments:

Attachment A – Most Recent External Quality Control Review
Attachment B – Prepared by Client List
Attachment C – Proposal Warranties
Attachment D – Conflict of Interest Statement
Attachment E – Non-collusion Declaration
Attachment F – References
Attachment G – Statement Regarding Insurance Coverage and Worker's Compensation Insurance Ack. Certificate

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

This Page Intentionally Left Blank

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Chavan and Associates, llp
Certified Public Accountants

October 8, 2021

Gitta Ungvari, Finance and Budget Manager
Town of Los Gatos, Finance Department
110 E. Main Street
Los Gatos, CA 95030

We are pleased to have this opportunity to submit our proposal to provide auditing services for the Town of Los Gatos (the "Town"). Our understanding of the work outlined in the request for proposal is that we will audit the financial statements of the Town for fiscal years ending June 30, 2022, 2023 and 2024, with two option years.

Our audits will be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996; the U. S. Office of Management and Budget's (OMB) guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR) 2 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and relevant Governmental Accounting Standards Board (GASB) Statements. We will also apply the necessary procedures to prepare the reports as requested in the RFP, such as the ACFR, single audit reports, management letter, optional measure G AUP's, and preparation of the financial transactions and compensation report.

As a result of our audit, we will express an opinion on the fair presentation of the basic financial statements, as listed in the RFP, in accordance with GAAP. We will also issue a report on internal controls over financial reporting and on compliance with applicable laws and regulations in accordance with *Government Auditing Standards*.

Throughout the contract period, we will provide consultation on accounting and compliance issues and attend meetings to discuss the audit and management comments. **It is our commitment to the Town that we will complete the work within the agreed time frame and that we have the resources, time and personnel to dedicate to this engagement for the entirety of the contact.** We are confident Chavan & Associates LLP ("C&A") is the best-qualified firm to serve as your independent auditors. A brief list of reasons includes:

- We specialize in the audits of local governments and not for profit entities.
- Our partners have 37 years of combined experience auditing local governments.
- Our firm and key professionals are properly licensed to practice in the state of California.
- Our service will be dependable, reliable and timely.
- We will be sensitive to your workload. We understand you and your staff must keep up with your current work as well as deal with the audit.

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Chavan and Associates, llp
Certified Public Accountants

- Our staff and partners are available twelve months of the year to serve our audit clients. You are important to our firm and we promise a high level of involvement and enthusiasm at all levels.
- Our managing partner will be the lead for your audit. He will attend all conferences and meetings and will supervise the audit directly during each year and phase of the engagement. Our Managing Partner will be the person that prepares your Annual Comprehensive Report which will then be reviewed by our Associate Partner.
- We offer flexible staffing and scheduling, especially during COVID-19. We can send a full team onsite, work 100% remotely, or send a small team on site to minimize exposure. All of our team members are vaccinated and will follow your policies in regard to COVID-19.
- To improve the efficiency of the audit process, we use an online software, Engagement Organizer (EO), to provide a list of information and monitor the workflow during the audit. The link to EO is provided early during the planning process and includes items for both interim and year-end work, such that we can edit the list as needed moving forward. All documents can be uploaded here and notes, status updates and comments are done through EO. We also have a secure portal as an additional way to share information.

We are secure in our belief that our firm is the best qualified to meet your needs. Once you have examined our proposal and contacted our references, we feel you will agree.

Staffing for the audit will include one Engagement Partner, one Associate Partner, one Supervisor, one Senior Auditor, one Professional Staff and one Administrative Staff. The Engagement Partner, one Senior and two Staff will be assigned to visit your offices, as feasible with regard to COVID-19 circumstances. The Engagement Partner, Associate Partner, Supervisor and Senior Auditor will be available throughout the entire contract period.

Sheldon Chavan (15105 Concord Circle, Suite 130, Morgan Hill, CA, 95037, 650-346-1329, Sheldon@cnallp.com) is the partner authorized to sign and obligate the firm contractually and represent the firm. He is empowered to submit the bid and authorized to sign a contract. This proposal is a firm and irrevocable offer for 90 days.

We look forward to being of service to you.

Very truly yours,

C & A LLP

Sheldon Chavan, C.P.A., Partner
Chavan & Associates, LLP

15105 Concord Circle, Ste. 130, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section A

Independence, License to Practice in California, and Firm's Qualifications & Experience

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section A
Independence, License to Practice in California, and Firm's Qualifications & Experience

Town of Los Gatos Proposal for Auditing Services

Independence

C&A is independent of the Town and all of its component units as defined by generally accepted auditing standards and the **U.S. General Accountability Office's *Government Auditing Standards***. *In all matters relating to the audit work, the audit organization and individual auditors, whether government or public, should be free from personal and external impairments to independence, should be fiscally independent, and should maintain an independent attitude and appearance.*

C&A did not have any professional relationships involving the Town of Los Gatos, or any of its agencies and component units, for the past five (5) years that would cause a conflict of interest relative to the scope of services identified in the request for proposal. However, C&A did provide the Town's auditing services for the fiscal year ended June 30, 2016 and the 4 years prior. Providing audit services to an entity does not create a conflict of interest, nor compromise independence.

License to Practice in the State of California

C&A and all key professionals are properly licensed to practice as certified public accountants in the State of California and do not have any record of substandard work or unsatisfactory performance pending with the State Board of Accountancy. C&A is registered with the California State Board of Accountancy and our stat number is PAR 7294.

Contractor Identification and Introduction

Company Name:	Chavan & Associates, LLP (C&A)
Address:	15105 Concord Circle, Suite 130, Morgan Hill, CA 95037
Office:	408-217-8749
Fax:	408-872-4159
E-mail:	Sheldon@cnallp.com
CA File Number:	202009218003
FEIN:	27-0630496
Authorized to Sign:	Sheldon Chavan, Partner; Paul Pham, Partner

Our partners have performed audits under Governmental Auditing Standards, the Single Audit Act and the State Controller's Office Minimum Audit Requirements for a combined 37 years; Sheldon for 23 years and Paul Pham for 14 years. In August of 2009, we established C&A as a limited liability partnership. C&A is a local audit firm in San Jose, CA specializing in local government auditing and consulting. We have audited and prepared Annual Comprehensive Financial Reports **(ACFRs)** and basic financial statements as required by the Government Finance Officers Association **(GFOA)** and the Governmental Accounting Standards Board **(GASB)** for cities, fire districts, water districts, sanitation districts, JPAs and other types of special districts. Our partners have been reviewers of ACFRs for the **GFOA and CSMFO**. Most recently, C&A **prepared ACFRs** of City of Saratoga, the City of Oroville, City of Suisun, City of Pacific Grove, and City of Carmel-by-the Sea for the year ending June 30, 2020 (working on 2021). Our goal at C&A is to provide premium audit services at a

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

reasonable fee. We believe that continuous partner involvement helps us achieve our goal, which is why our partners are constantly involved in every audit. Ultimately, minimizing on-the-job training allows us to focus exclusively on servicing our clients.

After starting the firm with only 9 clients in 2009, we currently have **100 government**, nonprofit and grant **clients**, 40 of which were required to have a single audit under uniform guidance in 2019-20. Our firm's experience includes numerous audits under state and federal compliance audit guides, including the Minimum Audit Requirements and Reporting Guidelines for Cities as required by the State Controller's Office. **What makes us unique from other audit firms** is that we eliminate "on-the-job" training through intensive in-house training, audit planning, and by having partners in the field throughout the entire engagement (not just "spot-checking"). The daily interaction with our Engagement Partner has been invaluable to our clients as it provides the opportunity for immediate feedback and the chance to ask questions related to accounting, account coding, grant requirements, ACFR requirements, budgeting, and much more. Auditing is the main focus of our practice and we are available to start as early as February 1st, however **our calendar is flexible**.

C&A is also a member of the **AICPA's Government Audit Quality Center** which promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

Firm Size, Staff Size, Location and Staffing

We also have **twelve** professional, full-time staff in addition to our three partners and one administrative person that will be available to assist as needed throughout the engagement. Our engagement partners are directly involved with the audits. Our central office is located in Morgan Hill, CA. Staffing for the Town's audit will include the following professionals (audit experience):

Sheldon Chavan, CPA, Managing Partner (23 years)

Paul Pham, CPA, Partner (14 years)

Niru Machiraju, CPA, Supervisor (6 years)

Andrew Quintero, Senior Auditor (4 years)

Matthew Ojeda, Senior Auditor (6 years)

One of the professional staff could change from year to year. The Town will be notified of any staff changes prior to field work. The Engagement Partner, manager, and supervisor will be the same during each year of the engagement.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Range of Services

The following summarizes the range of services we provide:

Entity Type	Number of Clients	Percent by Entity	Auditing	Management, Accounting & Other	Contractor Prequalification Services	Nonprofit Tax
Local Education Agencies	**37**	**37%**	89%	0%	14%	0%
Charter Schools	**11**	**11%**	100%	0%	0%	100%
Non-profit Organizations	**17**	**17%**	94%	0%	0%	82%
Cities and Towns	**10**	**10%**	90%	0%	0%	0%
Special Districts	**17**	**17%**	88%	12%	0%	0%
Privately Held	**7**	**7%**	71%	29%	0%	0%

	GAS Audit	GAGAS Audit	Single Audit	Bond Audit	EAAP Audit	Other
Percent by Service Type	91%	73%	40%	22%	41%	39%

Contract Terminations and Affirmation Concerning Substandard Audit Work

C&A and all assigned personnel do not have any record of substandard work, contract failures, outstanding claims, litigation, investigations, or other unsatisfactory performance issues against us or pending with the State Board of Accountancy or any other entity. In addition, we have not had any federal or state desk review or field reviews of our audits. C&A has no record of lost clients or contract failures.

Equal Opportunity Employer

C&A is an equal opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality.

Subcontractor

C&A will not be engaged with any subcontractors during this engagement.

Business Licenses

C&A will obtain and maintain a valid business license with throughout the duration of the contract, as applicable.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Insurance

C&A maintains the following insurance:

- Commercial General Liability Insurance (bodily injury and property damage) is $4,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Automobile Bodily Injury and Property damage liability insurance is $2,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Professional Liability Insurance carrier is Philadelphia Insurance Company. The per claim/aggregate limit of the liability is $3,000,000.
- Workers Compensation Insurance carrier is Twin City Insurance Company. The per claim/aggregate limit of the liability is $1,000,000.

Quality Control Review

We are enrolled in the AICPA quality control peer review program. Our peer review was performed in compliance with AICPA and GAO requirements and included a selection of government audit engagements. Our audits complied with auditing standards generally accepted in the United States of America and Generally Accepted Governmental Auditing Standards.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

This Page Intentionally Left Blank

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section B

Partner, Supervisory and Staff Qualifications and Resumes

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

We are aware of the need for continuity of personnel on the engagement and promise that the Engagement Partner will be directly involved in the audit **during each year** of the contract. We believe that extensive partner involvement provides continuity that could not be achieved in any other way. All staff committed in this proposal will be available for the entire June 30, 2022 audit and are available 12 months a year for questions, comments and implementation support. We understand that the Engagement Partners, managers and other supervisory staff and specialists may be changed only with the express prior written permission of the Town. Other audit personnel may be changed at our discretion as long as the replacements have substantially the same or better qualifications or experience. The Town retains the right to approve or reject replacements.

Sheldon Chavan, CPA

Managing Partner (Member CalCPA, AICPA, GFOA, CSMFO, GAQC)

Sheldon holds a B.S. in Accounting from San Jose State University. He began his career in public accounting in **1998** and has been auditing local governments and nonprofit organizations ever since. Sheldon is a CPA licensed in California and a member of AICPA, CalCPA, CSMFO, GAQC and GFOA. **He has also been a member of the GFOA Special Review Committee, with responsibility for reviewing ACFR's for award of the Certificate of Excellence in Financial Reporting.** Sheldon has prepared/reviewed ACFR's for the City of Berkeley, City of Sunnyvale, City of Pittsburg and many others over his career. Most recently, Sheldon prepared the ACFR of the City of Oroville, City of Saratoga and the City of Pacific Grove for the fiscal years ended June 30, 2020 (partial listing).

ACFR Preparation

Sheldon has managed governmental audits his entire career, which includes the technical review of all work papers, staffing, scheduling, reporting, state compliance, federal compliance, state controllers reports and much more. He is responsible for running the audit in the field and providing accounting and auditing technical support to other partners and staff, primarily in the areas of compliance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, and the provisions of the Federal Single Audit Act and the United States Office of Management and Title 2 CFR Part 200 (Uniform Guidance). Sheldon also ensures that each staff has met the continuing professional education requirements under these standards and teaches several in-house seminars a year. He also administers our firm's quality control system as required by GAAS and Yellow Book standards. Sheldon has been performing audits under the Single Audit Act his entire career. Understanding the complexities of the various federal programs is one of his specialties. Over the years, Sheldon has audited major programs such as National School Lunch, Title II Education Technology, IDEA Special Education Local Assistance, Title I, Education Jobs Fund, Title IV Drug Free Schools, NCLB Title III, Title II Improving Teacher Quality, CDBG, Shelter Plus Care, Home Investment in Affordable Housing, HUD Section 8, Highway Planning and Construction, Medi-Cal, Low-income Low Energy Assistance, and many more.

Sheldon has extensive experience auditing government bond programs and can assist the Town with bond covenant calculations, bond compliance, tax filings, bond arbitrage issues and any other general

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

reporting requirements. In addition, we currently have multiple clients for which we complete special bond performance audits each year. We also provide contractor prequalification services for some clients who use restricted bond funds for modernization and infrastructure improvements.

Sheldon's recent continuing professional education:

Description of Program/Training
Yellow Book:Revised Government Auditing Standards
Government Audting Standards - Yellow Book
Frequent Government and NPO Frauds: Misuse of Assets
Governmental and Nonprofit Annual Update: Federal Government Activities
Single Audit Lighting Round
Governmental Audit Quality Cetner Annual Update Webcast
Program-Specific Audits' plus 'Audit Tools and Guidance'
Applying Risk Assessment Standards: Understanding the Entity and Its Environment
GASB Updates
Governmental Accounting and Auditing Conference Webcast - 5121266C
Not-for-Profit Organizations Conference Webcast - 5121343C
Cases in NFP Acct. & Auditing: 'Financial Statement Requirements' plus 'Net Asset Classifications'
Governmental Auditing: Course Two Performance Audits
Governmental Auditing: Course Three Financial Audits, Attestation Engagements, and..
Governmental Accounting and Reporting
Ethics: AA&C LLP - Accounting Firm Practice Development Committee
State and Local Govt Planning Considerations
Cases in NFP Acct. & Auditing: Contributions
Field Work Documentation: Preparation, Maintenance, Types of Workpapers
School District Update Including LCFF and LCAP Compliance
School Districts Conference
Understanding the Changes to Yellow Book Independence
California Regulatory Review Course
Fraud Audit Techniques Using Excel
Applying the Uniform Guidance in Your Single Audits
Testing Compliance' plus 'Reporting Requirements
Fid Act Understanding impacts of GASB 84
Its Here! Fid Act Implementation Considerations
Accounting and Auditing Conference
Bernard Madoff Investment Securities' Auditor'
The Detection and Prevention of Fraud in Financial Statements
Governmental Auditing: Course One Fundamental Principles for Government Auditing

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section B - Partner, Supervisory and Staff Qualifications and Resumes

Town of Los Gatos Proposal for Auditing Services

The following is a **partial list** of Sheldon's clients over the years:

Cities and Towns	Special Districts/JPA's	School Districts/COE's	Nonprofits and Other
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	2006 Washington St.
City of Berkeley	Central Marin Sanitation Agency	Belmont Redwood Shores	Bay Area Special Education JPA
City of Carmel-by-the-Sea	East Bay Dischargers Authority	Burlingame	Bay Area Water Users Association
City of Del Rey Oaks	Fairfield-Suisan Sanitation	Cabrillo Unified	Black Adoption Placement
City of Marina	Half Moon Bay Fire Protection	Campbell Union	Boys and Girls Clubs of Sonoma
City of Novato	Hayward Area Parks and Rec	Cloverdale Unified	Center for Empowering Refugees
City of Oroville	Highland Recreation District	Cotati Rohnert Park	Children of Grace
City of Pacific Grove	Los Trancos Water District	Hillsborough City	Collective Roots
City of Pittsburg	Mckinney Water District	La Honda Pescadero	Credo High School
City of Point Arena	Menlo Park Fire Protection	Lakeside	Diagnostics for the Real World
City of Salinas	Midpen Regional Open Space	Las Lomitas Elementary	Hidaya Foundation
City of San Rafael	Pleasant Hill Parks and Rec	Lassen View Elementary	Livebooks
City of Saratoga	Point Montara Fire District	Los Altos Elementary	Mashery
City of Scotts Valley	Santa Clara Regional Open Space	Luther Burbank	Mission Charter
City of Sonoma	Saratoga Cemetery District	Manton Joint Union	Mission Language and Vocational
City of South San Francisco	South Bayside System Authority	Menlo Park City	Morgan Hill Charter Foundation
City of Suisun City	South San Francisco Conf. Ctr.	Millbrae Elementary	Morgan Hill Charter School
City of Sunnyvale	Sausalito-Marin City Sanitation	Mineral	Nob Hill Home Owners Assoc.
City of Tracy	Tahoe Regional Planning Agency	Mountain View Whisman	O'Conner Water
Town of Los Gatos	The Cities Group	Orchard	One Million Lights
Town of Windsor	Valley of the Moon Fire	Pacifica	Orange County Charter School
	West Bay Sanitary District	Plum Valley	Pathway to Choices
	West County Wastewater District	Portola Valley Elementary	Pyramid Alternatives
	Westborough Water District	Red Bluff	Redwood City Education Foundation
	Woodside Fire Protection District	Salinas Union High	San Jose Conservation Charter
		San Bruno Park	San Jose Conservation Corps
		San Carlos Elementary	Singularity University
		San Mateo County Office	Sociometrics
		San Mateo Union High	South Tahoe Area Transit Authority
		Scotts Valley Unfied	Stone Bridge Charter School
		Sequoia Union High	Woodside Atherton Authority
		Sonoma Valley Unified	Work2future Foundation
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Paul Pham, CPA

Associate Partner (AICPA, CalCPA)

Paul received his Bachelor of Science from Pacific University and hopes to pursue a Master of Accountancy in the near future. He is currently preparing to sit for the CPA exam and plans to complete his CPA certification by the end of the year. Paul has been working in public and private accounting since 2007 and has completed Fourteen governmental audit seasons. He has completed financial and compliance audits for the entities (including LEA's) listed below since 2007. Besides the standard control documentation and substantive testing required for GAAS audits, Paul has performed audits and prepared reports under OMB Subpart F and the Single Audit Act for most of the entities listed below. He has audited Federal grants from various agencies, including FEMA, HUD, FTA, the Department of Education (Title I, Special Education, Title II, Adult Ed) and much more.

Paul's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a partial list of Paul's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Charter Schools
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	Bay Area Water Users Association
City of Berkeley	Central Marin Sanitation Agency	Burlingame	Black Adoption Placement
City of Carmel-by-the-Sea	Fairfield-Suisan Sanitation District	Cabrillo Unified	Boys and Girls Clubs of Sonoma
City of Del Rey Oaks	Menlo Park Fire Protection	Cotati Rohnert Park	Center for Empowering Refugees
City of Oroville	Midpen Regional Open Space	Hillsborough City	Children of Grace
City of Pacific Grove	Santa Clara Regional Open Space	La Honda Pescadero	Collective Roots
City of Point Arena	Saratoga Cemetery District	Las Lomitas Elementary	Credo High School
City of Rocklin	South Bayside System Authority	Lassen View Elementary	Hidaya Foundation
City of Saratoga	South San Francisco Conf. Ctr.	Los Altos Elementary	Livebooks
City of Sonoma	Suasalito-Marin City Sanitation District	Luther Burbank	Mashery
City of Suisun City	Tahoe Regional Planning Agency	Manton Joint Union	Mission Charter
City of Tracy	The Cities Group	Millbrae Elementary	Mission Language and Vocational School
Town of Los Gatos	Valley of the Moon Fire	Mineral	NASA AMES Exchange
	West Bay Sanitary District	Mountain View Whisman	Orange County Charter School
	Westborough Water District	Orchard	Pathway to Choices
		Pacifica	Pyramid Alternatives
		Plum Valley	Redwood City Education Foundation
		Portola Valley Elementary	San Jose Conservation Charter
		Red Bluff	San Jose Conservation Corps
		San Bruno Park	Sociometrics
		San Carlos Elementary	South Tahoe Area Transit Authority
		San Lorenzo Valley Unified	Stone Bridge Charter School
		San Mateo County Office	Work2future Foundation
		Scotts Valley Unfied	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Niru Machiraju, CPA

Audit Supervisor (Member AICPA, CalCPA)

Niru received her Bachelor and Master of Science in Accounting from the University of Saint Thomas. She received her CPA license in 2020. Niru has been working in public accounting since 2015 and has completed six audit seasons. During the 2021 audit season, she completed the financial and compliance audits for the entities listed below and has additional experience in the manufacturing, distribution. and non-profit industries. Niru has audited over sixty local governments and nonprofits since 2015. Besides the standard control documentation and substantive testing required for GAAS audits, Niru has performed audits and prepared reports under GAGAS and Uniform Guidance. She has also audited Federal grants from various agencies, including HUD and the Department of Education (Title I, Special Education) and much more.

Mona's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Mona's clients over the past year:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	Bay Area Water Users Association
City of Carmel-by-the-Sea	Chico Area Recreation and Park District	Burlingame	Boys and Girls Clubs of Sonoma
City of Del Rey Oaks	Lake Canyon Community Services District	Cabrillo Unified	Center for Empowering Refugees
City of Oroville	Midpen Regional Open Space	Cotati Rohnert Park	Children of Grace
City of Pacific Grove	Ross Valley Sanitary District	Hillsborough City	Credo High School
City of Point Arena	Santa Clara Regional Open Space	Las Lomitas Elementary	Hidaya Foundation
City of Rocklin	South San Francisco Conf. Ctr.	Lassen View Elementary	Mission Charter
City of Saratoga	Stege Sanitary District	Los Altos Elementary	NASA AMES Exchange
City of Marina	Suasalito-Marin City Sanitation District	Luther Burbank	Pathway to Choices
City of Suisun City	The Cities Group	Millbrae Elementary	Peninsula Conflict Resolution Center
	Valley of the Moon Fire	Orchard	Redwood City Education Foundation
	West Bay Sanitary District	Pacifica	Stone Bridge Charter School
	Westborough Water District	Red Bluff	Work2future Foundation
		San Bruno Park	Stone Bridge Charter School
		San Carlos Elementary	
		San Lorenzo Valley Unified	
		San Mateo County Office	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		Union School District	
		West County Agency (LEA)	
		Woodside Elementary	

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Andrew Quintero

Senior Auditor

Andrew has successfully completed three seasons of governmental auditing. Andrew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and cities. He has been the Senior Auditor in-charge of clients such as the Town of Yountville, City of Suisun City, Fairfield-Suisun Sanitary District and many more. Besides the standard control documentation and substantive testing required for GAAS audits, Andrew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Andrew's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Andrew's clients:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Oroville	Bay Area Water Supply Conservation Agency	Jefferson Union High School District	Peninsula Conflict Resolution Center
City of Pacific Grove	Castro Valley Sanitary District	John Swett Unified School District	Redwood City Education Foundation
City of Point Arena	El Dorado Hills Community Services District	Las Lomitas School District	San Mateo County Exposition and Fair Association
City of Rocklin	Lake Canyon Community Services District	Lassen View Union Elementary School District	Sonoma Valley Hospital Foundation
City of Saratoga	Midpeninsula Regional Open Space District	Los Altos School District	The Moca Foundation
City of Suisun City	Purissima Hills Water District	Luther Burbank School District	The San Jose Library Foundation
Town of Yountville	Ross Valley Sanitary District	Menlo Park City School District	
	Santa Clara County Regional Open Space Auth	Millbrae School District	
	Sausalito-Marin City Sanitation District	Mountain View Whisman School District	
	Stege Sanitary District	Napa Valley Unified School District	
	Silicon Valley Clean Water	Orchard School District	
	South San Fancisco Conference Center	Pacifica School District	
	The Cities' Group	Red Bluff Joint Union High School District	
	Valley of the Moon Fire District	Red Bluff Union Elementary School District	
	West Bay Sanitary District	Roseland Elementary School District	
	West Valley Sanitation District	San Bruno Park School District	
	Westborough Water District	San Carlos School District	
		San Lorenzo Valley Unified School District	
		San Mateo Foster City School District	
		San Rafael City Schools	
		Santa Rosa City Schools	
		Woodside Elementary	

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Matthew Ojeda

Senior Auditor

Matthew graduated from the San Jose State University, with a B.S. in Accounting. Starting in public accounting in 2014, he has successfully completed six seasons of governmental auditing. Matthew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and school districts. Besides the standard control documentation and substantive testing required for GAAS audits, Matthew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Matthew's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Matthew's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Del Rey Oaks	Castro Valley Sanitary District	Antelope Elementary	Boys and Girls Club of Central Sonoma County
City of Oroville	Central Marin Sanitation Agency	Burlingame	Boys and Girls Clubs of Sonoma Valley
City of Pacific Grove	Fairfield-Suisan Sanitation District	Cabrillo Unified	Credo High School
City of Point Arena	Midpen Regional Open Space Auth	Cotati Rohnert Park	Diagnostics for the Real World
City of Rocklin	Oro Loma Sanitary District	Golden Valley Unified	Mission Language and Vocational School
City of Saratoga	Santa Clara Regional Open Space Auth	Hillsborough City	Morgan Hill Charter Foundation
City of Suisun City	Saratoga Cemetery District	Las Lomitas Elementary	Morgan Hill Charter School
Town of Los Gatos	Sausalito-Marin City Sanitation District	Lassen View Elementary	Orange County Charter School
	Silicon Valley Clean Water	Los Altos Elementary	Organic Farming Research Foundation
	The Cities Group	Luther Burbank	Proheatlh Homecare
	West Valley Sanitation District	Millbrae Elementary	Redwood City Education Foundation
		Mission Preparatory School	San Jose Conservation Charter
		Mountain View Whisman	San Jose Conservation Corps
		Napa Valley Unified	San Mateo County Exposition Fair Association
		Orchard	Sociometrics
		Pacifica	Work2future Foundation
		Palo Alto Unified	
		Portola Valley Elementary	
		Red Bluff	
		Roseland Charter	
		Roseland Elementary	
		San Bruno Park	
		San Carlos Elementary	
		San Lorenzo Valley Unified	
		San Mateo County Office	
		San Mateo Foster City	
		Santa Rosa City School	
		Scotts Valley Unfied	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		South San Francisco Unified	
		Union School District	
		Woodside Elementary	

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Professional Education and Training

Our professionals complete 80 hours of continuing professional education every two years in auditing and accounting which includes at least 80 hours of governmental auditing and accounting training specific to local governments. We use a combination of in-house seminars, self-study and outside seminars sponsored by AICPA, GFOA, the California Education Foundation and other recognized groups.

All assigned staff meet the educational requirements for Governmental engagements as specified by the California Board of Accountancy, Federal General Accounting Office, Governmental Accounting Standards Board, and the AICPA as appropriate.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

This Page Intentionally Left Blank

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section C

Similar Engagements

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section C - Similar Engagements

Town of Los Gatos Proposal for Auditing Services

Client References and Similar Engagements

The following projects were completed by C&A in 2019-20 and are ongoing in 2020-21:

Entity Name	City of Del Rey Oaks	City of Saratoga	City of Carmel
Contact Person	Roberto Moreno	Dennis Jaw	Robin Scattini
Title	Chief Business Officer	Finance Manager	Finance Director
Address	650 Canyon Del Rey Road, Del Rey Oaks, CA 93940	13777 Fruitvale Ave, Saratoga, CA 95070	PO Box CC, Carmel-by-the Sea, CA 93921
Phone	831-394-8511	408-868-1227	831-620-2019
E-mail	RobertoM@GovernmentFinancialSolutionsInc.com	djaw@saratoga.ca.us	rscattini@ci.carmel.ca.us
Audit Period	6/30/2021	6/30/2021	6/30/2021
Hours	260	360	320
Fiscal Years Audited	3	5	3
Partner	Sheldon Chavan	Sheldon Chavan	Sheldon Chavan
GFOA Award	No	Yes	Yes
Entity Type	City	City	City
Finance Dept Staff	3	6	3
Scope of Work	Report Prep GAGAS Audit SAS 114 Report Management Letter GANN Limit AUP Measure S Audit Year Round Consultation	CAFR Review GAGAS Audit Single Audit/OMB SAS 114 Report Management Letter TDA Audit GANN Limit AUP Year Round Consultation	CAFR Prep Single Audit/OMB SAS 114 Report Management Letter GANN Limit AUP Measure S Audit SCO FTR/Streets Year Round Consultation

Entity Name	City of Rocklin	City of Suisun City	City of Pacific Grove
Contact Person	Angela Doyle	Elizabeth Luna	Tori Hannah
Title	Senior Accountant	Accounting Services Manager	Administrative Services Director
Address	3970 Rocklin Road, Rocklin, CA 95677	701 Civic Center Blvd., Suisun City, CA 94533	300 Forest Ave, Pacific Grove, CA 93950
Phone	916-625-5033	707-421-3215	831-648-3103
E-mail	angela.doyle@rocklin.ca.us	eluna@suisun.com	thannah@cityofpacificgrove.org
Audit Period	6/30/2021	6/30/2021	6/30/2021
Hours	340	400	340
Fiscal Years Audited	4	5	5
Partner	Sheldon Chavan	Sheldon Chavan	Sheldon Chavan
GFOA Award	No	Yes	Yes
Entity Type	City	City	City
General Fund Budget	$10,000,000	$36,800,000	$17,500,000
Finance Dept Staff	2	10	6
Scope of Work	ACFR GAGAS Audit Single Audit/OMB SAS 114 Report Management Letter GANN Limit AUP PFA Audit Successor Agency Audit Year Round Consultation	ACFR GAGAS Audit Single Audit/OMB SAS 114 Report Management Letter GANN Limit AUP TDA Audit Successor Agency Audit Year Round Consultation	ACFR GAGAS Audit Single Audit/OMB GANN Limit AUP SAS 114 Report Management Letter Measure S Audit Year Round Consultation

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section D

Specific Audit Approach

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section D - Specific Audit Approach

Town of Los Gatos Proposal for Auditing Services

The C&A audit approach begins with an entrance conference between Sheldon Chavan and management to gather information for risk assessment and audit planning. Upon the conclusion of the entrance conference, Sheldon will plan and schedule C&A's **three phase audit** approach and prepare a list of items to be provided for Phase I of the audit. Significant aspects of each phase are outlined below as augmented based on our review of the Town's financial reports, RFP, Budget documents, and Council and Finance Commission agendas and minutes:

Three Phase Audit Approach

Phase I - Planning and Risk Assessment

This phase is designed to evaluate your operating and accounting procedures and will provide the basis for a significant portion of our letter to management. The results of our work during this phase will determine our audit approach for significant accounts and compliance. We plan to begin this phase by meeting with management and the Finance Commission to plan the audit and discuss any significant issues with the proposed audit plan and timeline.

At least six weeks prior to the beginning of this phase, we intend to provide the Town with a link to Engagement Organize ("EO")r detailing the information and timing that will be needed in order to facilitate the completion of the audit in a timely manner. Having all items in EO uploaded prior to the beginning of the audit field work will allow us to complete the audit within the allotted time frame or earlier. We will also begin the testing of federal compliance for major programs during this phase, if applicable. The EO will include Phase I, II, and III items once uploaded and will updated during the year. The Town will be able to leave notes on each item, upload attachments and message our team through EO.

Internal Controls Documentation

We plan the audit and obtain our **understanding of the internal control structure**, control environment, and accounting system through:

- Inquiries of appropriate management and staff personnel.
- Inspection of the Town's documents, records, budget and related materials, organizational charts, manuals and programs.
- Observation of the Town's activities and operations to corroborate the results of inquiries.
- Testing of the controls to determine they are operating as planned.
- Performance of preliminary analytical review on interim financials. The analytical review entails comparing similar information for the same time frame from the prior year and also comparing current year-to-date information to the budget to determine areas that may need additional attention during Phase II.
- Review and evaluation of the Town's financial and other management **information system controls** and procedures. Our staff has gained invaluable experience with systems such as HTE, Multiple Operation Management (MOM), Springbrook, Pentamation**,** QuickBooks, Digital Schools, **SunGuard**, Escape, FUND$, CECC, SACS, Financial 2000, SASi and many others. It is our goal to maximize the usage of your computer system during the audit.

This phase constitutes approximately 42% of all non-clerical hours of the engagement and may be combined with Phase II if desired. At the completion of Phase I, an exit conference will be held to discuss findings and recommendations and prepare for Phase II.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Phase II - Substantive Audit Procedures and Compliance

This phase is designed to complete our substantive and compliance audit procedures on the accounts of the Town. The approach for Phase II will be based on the results of Phase I. Audit programs will be tailored for your Town's needs. This work will begin after the closing of your books.

Sample size and selection is based on our assessment of risk and planned or actual deviations. A typical **sample size will be 25 to 60** items and be randomly selected. Our sampling methods vary depending on the type of tests we perform. Sample selection for compliance work will be based on the respective compliance and audit guides, KC, our experience and judgment, and other various sources. We use Knowledge Coach (KC) audit programs by Commerce Clearing House (CCH) to assist in our risk determination and sampling selection. We also use **ProSystems fx Engagement** paperless audit, Microsoft Excel, and Microsoft Word on laptops to perform the audit. Generally, we prefer information provided in electronic format, however we use production scanners in the office and portable scanners in the field for information that is unavailable in electronic format.

Sampling Methods

Analytical procedures during Phase II involve comparing current data to prior year and budget data, calculating dollar and percentage variances and investigating differences. We also analyze trends and relationships of the various financial statement components and ratios.

Analytical Procedures & Laws and Regulations

Laws and regulations subject to audit will be determined based on inquiry and familiarity we gain with the Town and with state and federal compliance requirements. We also attend seminars and webinars related to state and federal regulations to keep abreast of new requirements.

Phase II will take approximately 42% of the engagement hours. At this time, an exit conference will be held to discuss findings and recommendations, the status of new accounting principles and reporting requirements, and prepare for Phase III.

Phase III - Financial Statement Preparation and Review

This phase consists of preparing or assisting with the preparation of your financial statements, **as required in the RFP**, in conformity with accounting principles generally accepted in the United States of America. We will also prepare all other financial and compliance reports required of us as listed on the RFP. The required reports and management letter will be submitted to management as noted in the timeline in the RFP, unless otherwise agreed. We will also ensure that new GASB pronouncements identified in phase I and II have been appropriately accounted for and disclosed in the financial statements and that the impact of these statements is sufficiently presented in our audit reports. The most efficient way to ensure we meet the reporting deadlines is to have the audited trial balance and final adjustment completed by the last day of field work. This, in combination of the automation provided by Prosystems engagement will reduce the lag time from the completion of field work and report issuance.

Our reporting process is automated through our audit software. Once we obtain the Town's trial balance in electronic format, we can import that into our system, which will automatically code and update all financial statements and most note disclosures in the financial statements and notes. We can

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

also auto link tables, charts and other documents the Town would like to generate. **All of this information can be shared through our online secure lockbox/fileshare website at www.cnallp.com** and through our **online engagement portal** which is linked to our list of items. All agreed upon adjustments will be linked in our audit software. This greatly reduces the report preparation time and involvement of Town staff and creates more opportunity for review of information systems, internal controls and management recommendations. At the end of this phase we will provide a summary of audit adjustments and uncorrected misstatements (passed adjustments).

We anticipate that Phase III will comprise approximately 16% of the engagement hours, including the majority of the clerical hours. The timing of each phase of the audit is estimated based on the assumption that the Town will meet their close schedule and responsibilities as noted in the request for proposal.

Please note that we generally hold entrance conferences at the beginning of Phase I and II and exit conferences at the end of Phase I, II and III. However, we are available to meet with the Town at any time.

Compliance and Program Specific Auditing

Included in all phases are specific procedures required to complete individual compliance items. Analytic and sampling procedures generally follow those described in the preceding phase, but are modified, when needed, to meet specific guidelines of the programs audited.

Recommendations for Improved Operations

We feel we have accumulated valuable knowledge in accounting and auditing which has allowed us to offer a wide range of specific recommendations to increase the efficiency and effectiveness of our audit clients. With our background, we can provide services that may be very beneficial to you presently and in the future. As our client, you can look to us for informed support **year-round in all areas of interest or concern**. In the course of our engagement with the Town, we will provide prompt, knowledgeable answers to your questions regarding all aspects of accounting, finance, management, and operations. It is our policy to discuss discrepancies and recommendations with Town staff directly involved and then with management, as necessary. If an item warrants inclusion in the report as a finding, we will obtain management's responses to each finding. All responses will be reviewed with management and relevant committees before they are presented to the Town Council.

Irregularities and Illegal Acts

We will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which we become aware to the Audit Committee (or similar) and Attorney.

Control Risk Assessment

As part of our audit approach, we use KC forms, narratives, questionnaires and summary schedules to gain an understanding of the control environment and assess its overall effectiveness. This helps us identify the types of potential misstatements and factors that affect the risk of material misstatement and their impact on the audit plan.

Analytical Procedures

Analytical procedures are used at three points of time during our audit; planning, substantive testing, and final review of the completed financial statements. Analytical procedures are used to obtain

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

knowledge of conditions and events, to indicate the presence of possible misstatements, to provide substantive evidence of balances and to assess the financial condition of the Town.

As we obtain knowledge about the Town, we will be able to direct our attention to areas requiring greater audit emphasis as well as provide substantive evidence in support of recorded account balances.

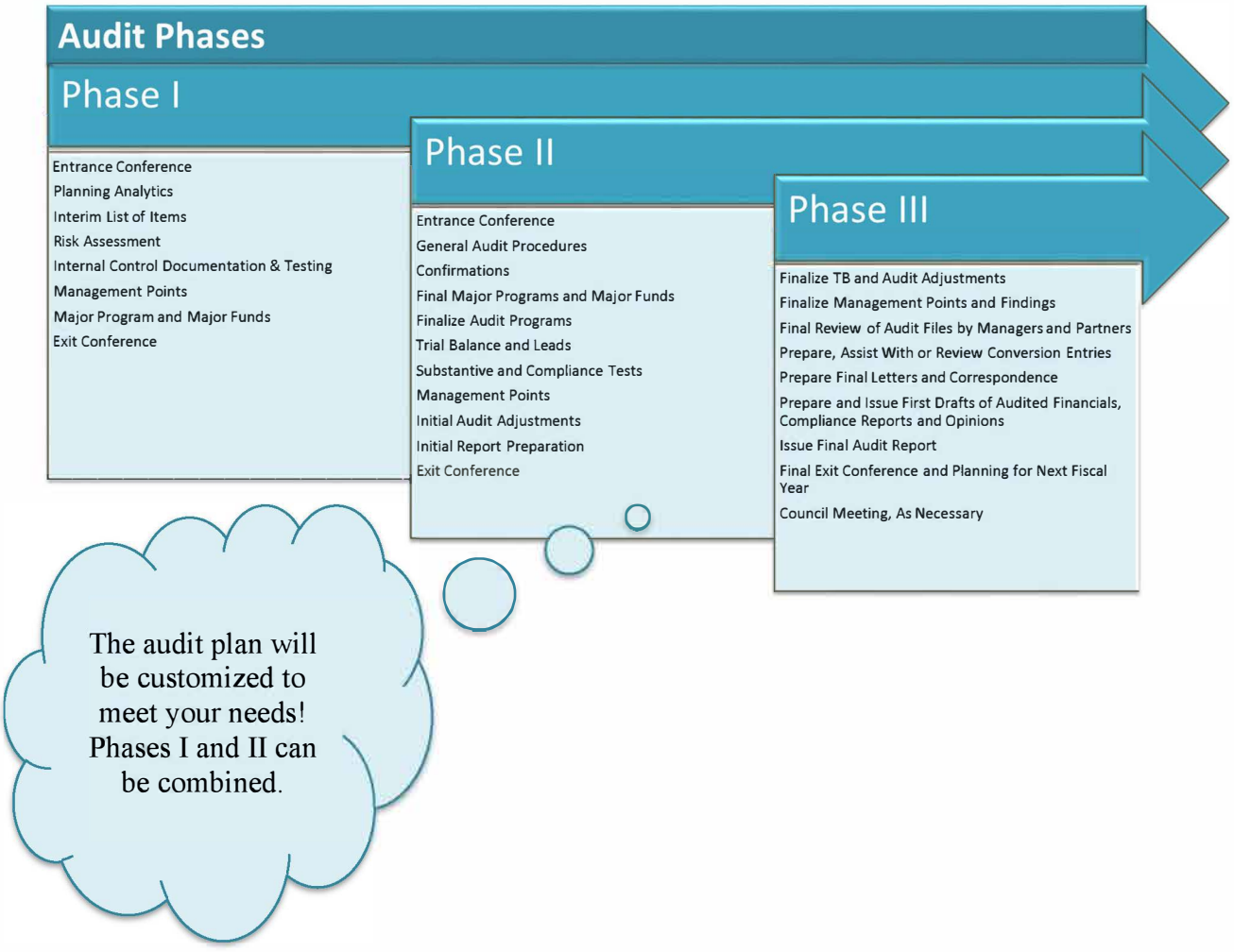
Identification of Potential Audit Problems

Each year we approach the audit objectively and use a risk-based approach to anticipate any potential audit problems. If anything were to come to our attention during the course of the audit, it would be reported to the proper management level depending on the nature of the problem and as noted in the RFP.

Resources Available for Standards Interpretations

In addition to the items published by GFOA, AICPA, FASB, and GASB, we use RIA checkpoint and Thompsons as our main online reference material. As our client, the Town will have access to all our resources.

Summary of Audit Phases (Generalized, Not All-Inclusive)

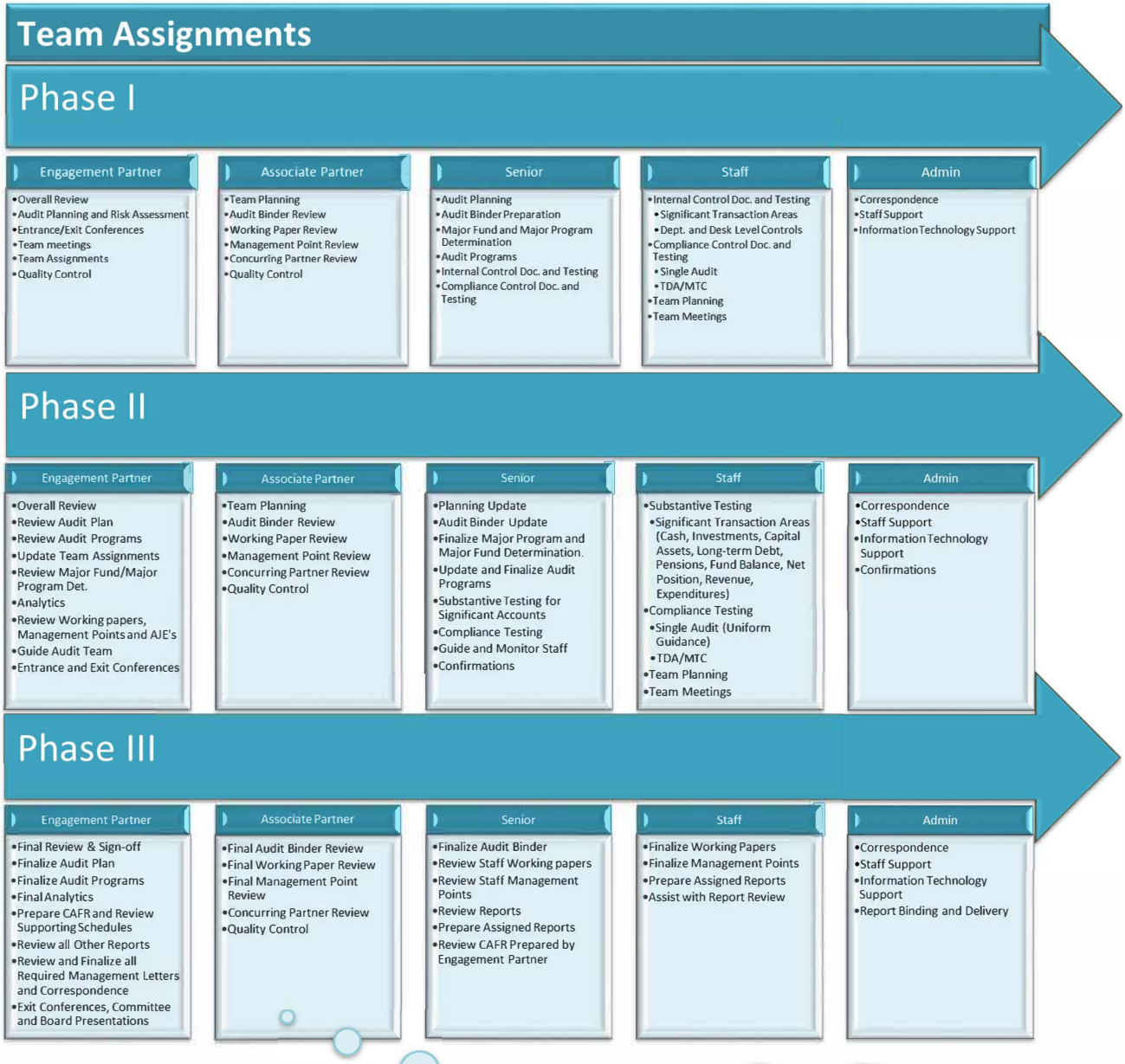


DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section D - Specific Audit Approach

Town of Los Gatos Proposal for Auditing Services

Summary of Team Assignments (Generalized, All-Inclusive)



The above chart provides a general overview of typical team assignments.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section D - Specific Audit Approach

Town of Los Gatos Proposal for Auditing Services

Summary of Roles and Responsibilities (Not All-Inclusive)

General Roles and Responsibilities

Phase I

C&A LLP

The Engagement Partner will be responsible the overall planning, scheduling, review and coordination of Phase I.

The Associate Partner will provide fieldwork support when necessary and help maintain quality control.

The Senior/Manager will review workpapers, letters and reports and help maintain quality control.

The Senior Professional Staff will focus on the more complex areas of controls and support the Engagement Partner.

The Professional Staff will focus on detail of tests of controls over financial, federal compliance and other areas as needed.

Town' Staff

During this phase, your staff will be expected to provide a preliminary balance sheet and revenues and expenditures by fund, policies and procedures for key controls, a preliminary summary of federal grants, the original budget, contact information for departments and confirmations, and generally provide the information included in the lists of items for interim. We also plan to interview various staff to document and test controls. Testing controls will include sampling for significant areas. Our documentation of internal controls will be done in person and via interviews, unless otherwise requested.

Phase II

C&A LLP

The Engagement Partner's focus will include finalizing the audit programs, substantive analytics, and overseeing the audit.

The Associate Partner will provide fieldwork support when necessary and help maintain quality control.

The Senior/Manager will review workpapers, letters and reports and help maintain quality control.

The Senior Professional Staff will focus on substantive tests for significant accounts.

The Professional Staff will focus on substantive tests for significant accounts, federal compliance, and other required audits.

Town' Staff

During this Phase, your staff will be expected to provide the final balance sheet and revenue expenditures by fund and accounts from the GL. We will prepare leadsheets in our audit software, but the organization should have adequate support for significant accounts. We will perform a review of journal entries at this time and again before the final reports are issued, thus we will need access to journal entries. We will request reports for major grant programs, certain other programs, and business type activities. We will also perform a number of analytical procedures which will require staff responses, and this will be done in personin most cases.

Phase III

C&ALLP

The Engagement Partner's focus will be on overall reporting, guidance and working with District staff to complete the reporting phase.

The Associate Partner will assist in report prepartion and client communication.

The Senior/Manager will review workpapers, letters and reports, and help maintain quality control.

The Senior Professional Staff will focus on report preparation and assisting the engagement partner and guiding our staff.

The Professional Staff will act in a support role during this phase.

Authoritie's Staff

We expect the Town' staff to review and respond to all reports required to complete the audit. We anticipate the Town will provide or assist us in gathering information needed for the ACFR and note disclosures. Management will be required to sign a representation letter which will be provided by us. Management will be required to provide responses to any and all recommendations and findings included in the management letter. Report preparation will be completed as outlined in the RFP, unless otherwise agreed prior to Phase III of the audit.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section D - Specific Audit Approach

Town of Los Gatos Proposal for Auditing Services

Summary of Staff Hours by Phase

Level of Staff	Phases			Total Hours
	I	II	III	
Engagement Partner	32	32	24	88
Associate Partner	4	4	4	12
Supervisor	32	32	8	72
Senior Staff	36	36	8	80
Professional Staff	42	42	8	92
Administrative Staff	2	2	4	8
Totals	**148**	**148**	**56**	**352**

Summary Timeline

Segment	Estimated	Phase
Entrance Conference	March 1, 2022	I
Audit Planning C&A's Office	March 1, 2022	I
List of Items Required by Client	March 15, 2022	I
Interim Testing	May 2, 2022	I
Interim Exit Conference and Completion	May 9, 2022	I
Preparation and Mailing of Confirmation Letters to 3rd Parties	July 1, 2022	II
Year-end Field Work Planning Meeting	August 1, 2022	II
Update List of Items Required by Client - Final (Initial Done at Interim)	August 1, 2022	II
Year-end Field Work and Compliance Testing	September 26, 2022	II
Exit Conference	September 30, 2022	II
Progress List of Management Point and Recommendations	October 7, 2022	II
Final List of Management Point and Recommendations	October 21, 2022	II/III
Audit Adjustments	October 21, 2022	II/III
Draft Reports, Financials, Management Letters	November 4, 2022	III
Final Reports, Financials, Management Letters	November 25, 2022	III
Council, Commission & Public Presentations	As Needed	III

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Audit Scope

We understand the scope of our services to be as follows:

A. Audit and issue a report on the fair presentation of the Basic Financial Statements of the Town of Los Gatos in accordance with generally accepted auditing standards; the standards set forth for financial audits in the U.S. General Accountability Office's most recent Government Auditing Standards; the provisions of the federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996; OMB guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR) 2 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and relevant GASB Statements. The audit shall be conducted for the purpose of forming an opinion on the Town's Basic Financial Statements taken as a whole, and to determine whether the operations were conducted in accordance with legal and regulatory requirements.

B. Prepare, with limited involvement of the Town, the Comprehensive Annual Financial Report (Annual Financial Report) for the Town of Los Gatos and the activities of the private-purpose trust funds of the Successor Agency to the Los Gatos Redevelopment Agency. The Town shall retain ultimate responsibility for the approval and dissemination of the Annual Financial Report; however, C&A shall prepare the draft and complete related tasks, including but not limited to the following:
   a. Evaluate the document against the Annual Financial Report reporting checklists of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) to ensure eligibility for their respective Annual Financial Report award programs. It is the Town's intention to continue to receive these awards annually and expect that the Annual Financial Report will meet their requirements.
   b. Verification of implementation of recommended improvements from prior year submissions to GFOA under the Annual Financial Report award program.
   c. Proofreading and overall review, including layout, design, and making suggested improvements to the document.
   d. Printing and binding of the final document.
   e. Assisting with the written responses to the recommendations and questions posed by the Finance Commission prior to the Annual Financial Report's consideration by Town Council..

C. In the required reports on internal controls, C&A shall communicate any reportable conditions found during the audits. A reportable condition is defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified as such in the report. Non-reportable conditions discovered shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls. The reports on compliance shall include all instances of noncompliance.

D. C&A will prepare a management letter, if applicable, reporting material weaknesses and significant control deficiencies. Prior to completion of the management letter, C&A shall meet with the Town Manager, Director of Finance, the Finance and Budget Manager, the Town Finance Commission, and

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

other Town staff as assigned to review findings and recommendations in detail before the final letter and Town responses are published.

E. Optional Services
   a. Development of Agreed Upon Procedures for the review and reporting of Measure G district sales tax revenues and expenditures.
   b. Preparation of the Cities Financial Transactions and Compensation Report (State Controller's Report).

F. Deliverables
   a. One electronic file, in PDF format, and 25 bound copies, of the Annual Financial Report, including the necessary audit opinion letters.
   b. One electronic file, in PDF format, and 25 bound copies, of the federal single audit report, if applicable, including the necessary audit opinion letters.
   c. One electronic file, in PDF format, and 25 bound copies, of the management letter, if applicable.
   d. One electronic file, in PDF format, and 25 bound copies, of the required Appropriations Limit Review reporting upon agreed-upon procedures on compliance with Proposition 111 for the year audited.

G. Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:
   a. Los Gatos Town Council
   b. Town Manager
   c. Town Attorney

H. We will provide consultation regarding accounting and compliance issues found throughout the contract period.

I. We will attend Town Council meetings as requested throughout the contract period.

J. A partner will be available to present the audit report to the Finance Commission and/or Council.

K. All working papers and reports will be retained, at the auditor's expense, for a minimum of seven (7) years, unless the firm is notified in writing by the Town of the need to extend the retention period. C&A will make such working papers available, on request, to the following parties or their designees:
   a. Town of Los Gatos
   b. Parties designated by the Town, or federal or state governments, as part of an audit quality review process
   c. Auditors of entities of which the Town is a subrecipient of grant funds

L. C&A shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section E

Discussion of Relevant Accounting Issues

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Discussion of Relevant Accounting Issues

The Governmental Accounting Standards Board (GASB) continues to issue new statements in an effort to make financial information accounted for, and reported by, local governments more reliable. Often, the statements issued by GASB are confusing and difficult to apply. Therefore, it is our goal to keep our clients informed about upcoming standards and how they may affect their future. Our technical expertise and guidance in the implementation and interpretation of GASB statements will be available throughout the year. We offer inclusive consultation throughout the term of our contract. We also offer in-house training via internally developed seminars. For example, we have given presentations and training on compliance requirements for specific grants and the key controls needed to meet those requirements. Generally, these sessions provide about 8 hours of training, in addition to year-round consultation, and are included in the audit.

In addition, we will send periodic e-mails and newsletters when significant new accounting pronouncements are issued. The most important factors we have discussed include: The potential impact of new pronouncements, the due date and the changes in the reporting presentation, planning the Town should do to ensure it is prepared and the assistance we can provide to ensure compliance. We also prepare template note disclosures and update our template financial statements to meet the reporting standards. In relation to GASB 84, we provided clients with an analysis workbook that is a Q&A document to help them identify component units and how to report pensions, postemployment plans and custodial funds.

The following is a summary of upcoming accounting pronouncements that could have an impact on the Town:

1. Disclosure Framework:

   The objective of this project is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance.

   Update: The Concepts Statement, Communication Methods in General Purpose External Financial Reports that Contain Basic Financial Statements; Notes to Financial Statements, has taken a turn from the original timeline. There were specific discussions related to the concept of essentiality. As the concept of essentiality is significant to the Concepts Statement, it would have a broad impact to users of the financial statements and Governmental Accounting Standards Advisory Council indicated some concern over the significance of the change in the proposed definition; the Board voted to re-expose the proposed concepts in an exposure draft. GASB anticipates the comment period on this revised exposure draft of this Concepts Statement to open in July 2021.

2. Financial Reporting Model:

   Reexamination of Statements Nos. 34, 35, 37, 41 and 46 and Interpretation 6: The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Governments, and other reporting model-related pronouncements (Statements No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities, No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus, No. 41, Budgetary Comparison Schedules—Perspective Differences, and No. 46, Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and to address certain application issues, based upon the results of the pre-agenda research on the financial reporting model.

Update: After public hearings were held in March and April 2021, GASB is currently redeliberating the drafted Statement, Financial Reporting Model Improvements. The agenda on this Concepts Statement extends into 2022 with a draft expected in first quarter 2022.

3. Revenue and Expense Recognition:

The overall objective of this project is to develop a comprehensive, principles-based model that would establish categorization, recognition and measurement guidance applicable to a wide range of revenue and expense transactions. Achieving that objective will include: (1) development of guidance applicable to topics for which existing guidance is limited, (2) improvement of existing guidance that has been identified as challenging to apply, (3) consideration of a performance obligation approach to the GASB's authoritative literature and (4) assessment of existing and proposed guidance based on the conceptual framework. The expected outcome of the project is enhanced quality of information that users rely upon in making decisions and assessing accountability.

On the heels of the Financial Accounting Standards Boards (FASB) roll out of the revenue recognition guidance, GASB has taken up a similar project reviewing the guidance for recognition of revenues and expenses. Deliberations are anticipated to be ongoing through November 2022. While this project is not anticipated for completion until 2025, the broad application and impact will make it one to keep up to date with its progress.

4. GASB Statement No. 87 – Leases

Most organizations have transitioned their immediate focus on the implementation of GASB 87 as it will become effective for most fiscal 2022 year-end financial statements. GASB 87 defines a lease as a contract that conveys control of the right to use another entity's non-financial asset for a period of greater than one year. Purchased power agreements are exempt from this treatment (unlike the Financial Accounting Standards Board lease standard). GASB 87 is effective for fiscal years beginning after June 15, 2021.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

This Page Intentionally Left Blank

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section F

Additional Information

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section F - Additional Information

Town of Los Gatos Proposal for Auditing Services

Current Client List

Cities/Towns	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
City of Albany	✔	✔	✔			✔	
City of Del Rey Oaks		✔	✔				
City of Lincoln	✔					✔	
City of Marina	✔	✔	✔	✔		✔	
City of Oroville	✔	✔	✔	✔			
City of Pacific Grove	✔	✔	✔	✔			
City of Point Arena		✔	✔				
City of Rocklin	✔	✔	✔	✔			
City of Saratoga	✔	✔	✔	✔			
City of Suisun City	✔	✔	✔	✔		✔	
Town of Yountville	✔	✔	✔			✔	

Local Education Agencies	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Antelope School District		✔	✔		✔		
Berkeley Unified School District						✔	
Burlingame School District		✔	✔	✔	✔		✔
Cabrillo Unified School District		✔	✔	✔	✔		✔
Corning Union High School District		✔	✔	✔			
Cotati-Rohnert Park Unified School District		✔	✔	✔	✔		✔
Cottonwood Union School District		✔	✔		✔		
Golden Valley Unified School District		✔	✔	✔	✔		
Hillsborough City School District		✔	✔	✔	✔		
Jefferson Union High School District		✔	✔	✔	✔		✔
John Swett Unified School District						✔	
Las Lomitas School District		✔	✔		✔		✔
Lassen View Union Elementary School District		✔	✔		✔		
Los Altos School District	✔	✔	✔	✔	✔		✔
Luther Burbank School District		✔	✔	✔	✔		
Menlo Park City School District		✔	✔	✔	✔		
Millbrae School District		✔	✔		✔		✔
Mountain View Whisman School District		✔	✔	✔	✔		✔
Napa Valley Unified School District		✔	✔	✔	✔		✔
Orchard School District		✔	✔		✔		✔
Pacifica School District		✔	✔	✔	✔		
Red Bluff Joint Union High School District		✔	✔	✔	✔		✔
Red Bluff Union Elementary School District		✔	✔	✔	✔		
Roseland Elementary School District		✔	✔	✔	✔		✔
San Bruno Park School District		✔	✔	✔	✔		
San Carlos School District		✔	✔	✔	✔		✔
San Lorenzo Valley Unified School District		✔	✔	✔	✔		✔
San Mateo Foster City School District		✔	✔	✔	✔		✔
San Rafael City Schools						✔	
Santa Rosa City Schools		✔	✔	✔	✔		✔
Sequoia Union High School District		✔	✔	✔	✔	✔	✔
Sonoma Valley Unified School District		✔	✔	✔	✔		✔
Soquel Union Elementary School District		✔	✔	✔	✔		✔
South San Francisco Unified School District						✔	✔
Union School District		✔	✔	✔	✔		✔
West County Transportation Agency		✔	✔		✔		
Woodside Elementary School District		✔	✔		✔		✔

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Section F - Additional Information

Town of Los Gatos Proposal for Auditing Services

Charter Schools	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Charter School of Morgan Hill		✔	✔		✔	✔	
Cottonwood Creek Charter School		✔	✔		✔	✔	
Credo High School		✔	✔		✔	✔	
Kid Street Charter School		✔	✔			✔	
The Reach Charter School		✔	✔			✔	
Mission Preparatory School		✔	✔		✔	✔	
Pathways Charter School		✔	✔		✔	✔	
Roseland Charter School		✔	✔	✔	✔	✔	
RSTEM Academy Charter School		✔	✔		✔	✔	
Stone Bridge Charter School		✔	✔		✔	✔	
Woodland Star Charter School		✔	✔		✔	✔	

Special Districts	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Bay Area Water Supply Conservation Agency		✔	✔	✔			
Castro Valley Sanitary District		✔	✔				
El Dorado Hills Community Services District	✔	✔	✔				
Lake Canyon Community Services District		✔	✔				
Midpeninsula Regional Open Space District		✔	✔	✔			
Purissima Hills Water District						✔	
Ross Valley Sanitary District	✔	✔	✔				
Santa Clara County Regional Open Space Auth		✔	✔	✔			
Sausalito-Marin City Sanitation District		✔	✔	✔			
Stege Sanitary District		✔	✔				
Silicon Valley Clean Water		✔	✔				
South San Fancisco Conference Center		✔					
The Cities' Group		✔	✔				
Valley of the Moon Fire District		✔	✔				
West Bay Sanitary District		✔	✔				
West Valley Sanitation District		✔	✔				
Westborough Water District						✔	

NonProfit Organizations	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Boys and Girls Clubs of Sonoma Valley		✔				✔	
Center for Empowering Refugees & Immigrants		✔				✔	
Children of Grace						✔	
Far West Wheel Chair Association		✔					
Hidaya Foundation		✔				✔	
Mission Language and Vocational School		✔				✔	
Morgan Hill Charter School Foundation		✔				✔	
NASA AMES Exchange		✔				✔	
O'Connor Tract Co-Operative Water Co.		✔				✔	
Peninsula Conflict Resolution Center		✔				✔	
Redwood City Education Foundation		✔				✔	
San Mateo County Exposition and Fair Association		✔				✔	
Sonoma Valley Hospital Foundation		✔				✔	
The Moca Foundation		✔					
The San Jose Library Foundation		✔				✔	
Tru		✔					
Work2future Foundation		✔	✔	✔		✔	

Privately Held Corporations	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Air Filter/Control						✔	
Dfusion, Inc.		✔	✔	✔			
Diagnostics for the Real World		✔	✔	✔			
FRTek US, LLC		✔					
Pathway to Choices		✔					
Roberts of Woodside						✔	
Sociometrics		✔	✔	✔			

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Technology in the Audit

C&A is a paperless firm and we use secure cloud servers for file sharing. We have Lenovo laptops and Fujitsu scanners that we use in the field. Our secured laptops are synchronized to our cloud server every day to avoid loss of data. The scanners allow for flexibility during the audit since it is not feasible to expect every document in electronic format.

Our secure online fileshare and engagement organizer provide for a better option over e-mailing electronic files. Each of our clients has an account login username and password through our website or an emailed link that allows them to upload files. This is especially helpful with sensitive information such as payroll data as it is much more secure than e-mail.

Our audit software is **ProSystems fx Engagement** which we compliment with Knowledge Coach (KC) audit programs and workpapers. These programs allow us to roll-forward audit information without having to replace the audit programs in the binder because they automatically update with changes in auditing and accounting standards every month. Finally, we have purchased data extraction software for each of our laptops that convert Adobe and other file types to Word and Excel.

All of the above-mentioned technological innovations make the audit more efficient and provides us the opportunity to spend time in areas that are more meaningful to the District. It also reduces the time and effort required by District staff to provide information and minimizes redundancy from year to year in the audit.

Proposal Exceptions

C&A did **not** have any exceptions or requested changes to the Town's RFP conditions or requirements.

C&A's Responsibility for Detecting Fraud

While audits are not designed to root out every instance of fraud, we have a responsibility to detect material misstatements in the financial statements caused by either fraud or error. Accordingly, generally accepted auditing principles prescribe specific audit procedures to detect fraud that must be carried out during each audit. C&A must hold a fraud brainstorming session at the beginning of the audit. This session is designed to provide a time for the audit team to consider how the client could commit fraud. The brainstorming meeting is used to set a tone of professional skepticism in the audit. Because committing material financial statement fraud often requires adjustments to financial records, C&A will test journal entries for any signs of manipulation. Another likely place for fraud is in accounting estimates since management may be able to influence accounting estimates to manipulate the financial statements. Generally, we perform procedures to determine if the methodology for completing accounting estimates has changed from the prior year and examine the directionality of estimates as a whole. We also closely examine significant unusual transactions outside of normal operations. This examination requires organizations to explain the purpose and rationale for the transaction and we corroborate management's response with other information received during the audit.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Attachments

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 18, 2021

To the Partners of Chavan & Associates, LLP
and the Peer Review Committee of the
California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements are identified as not having been performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

DRAFT 10-3-2021

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies) or fail.* Chavan & Associates, LLP has received a peer review rating of *pass*.

Santa Ana, California

DRAFT 10-3-2021

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

POWELL & SPAFFORD, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)
Patrick D. Spafford, CPA
Licensed by the California Board of Accountancy
Members: American Institute of Certified Public Accountants

Report on the Firm's System of Quality Control

To Chavan & Associates, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP (the firm) in effect for the year ended December 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, compliance audits under the Single Audit Act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

447 Missouri Court • Redlands, CA 92373 • P.O. Box 8847 • Redlands, CA 92375
Telephone 909-792-1852 • Fax 909-792-2015

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Deficiencies Identified in the Firm's System of Quality Control

We noted the following deficiencies during our review:

1. The firm's quality control policies and procedures addressing continuing professional education (CPE) are not sufficient to provide reasonable assurance that its personnel will have the education necessary to perform engagements in accordance with professional and regulatory requirements. The courses taken by firm personnel did not provide them with sufficient information about current developments in auditing matters. This contributed to audit engagements performed under *Government Auditing Standards,* including compliance audits under the Single Audit Act and audits of employee benefit plans, not conforming to professional standards in all material respects in the areas of proper presentation and disclosure for required supplemental information (RSI), documentation of independence, preparation of the schedule of expenditures of federal awards and documentation of testing specific to major program compliance. The audits of employee benefit plans did not conform to professional standards related to reporting, internal control documentation and participant testing.

2. The firm's quality control policies and procedures regarding monitoring did not provide it with reasonable assurance that the policies and procedures relating to the system of quality control are operating effectively. The firm's quality control policies and procedures did not include ongoing inspection, and post issuance reviews to assist in providing ongoing consideration and evaluation of the quality control system.

Opinion

In our opinion, except for the deficiencies previously described, the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Chavan & Associates, LLP has received a peer review rating of *pass with deficiencies*.

Powell & Spafford

March 19, 2018

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Attachment B - Prepared by Client List

LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
Interim - Financial	1.1 - Preliminary Trial Balance for FY21 (July 1, 2020 to June 30, 2021) - FORMAT: Excel
	1.2 - Chart of Accounts, with: fund names and type ,account type, revenue category, expense department, etc. Please include a description for any new funds not included in the FY21 audited financial statements. - FORMAT: Excel
	1.3 - 2021 adopted budget and amendments, if any - FORMAT: Any
	1.4 - 2021 reconciliation of budget changes and amendments - FORMAT: Any
	1.5 - Most recent board packet and financial information submitted to the board - Unless available online FORMAT: Adobe
	2.0 - Internal accounting manual, policies and procedures. - Please ensure this includes all policies regarding purchasing, procurement and vendor card policy, hiring, fund balance or reserve,
Interim - General	investment, billing, budget, debt, etc. FORMAT: Adobe
	2.1 - Capital asset policy and procedures for property, plant, equipment, infrastructure and construction in progress. - unless included in the internal accounting manual provided above. FORMAT: Adobe
	2.2 - A summary of committees and subcommittees with contact information - FORMAT: Any
	2.3 - Council by-laws - FORMAT: Adobe
	2.4 - Organizational Chart - FORMAT: Any
	2.5 - List of departments and contact information for main contact in each department. - FORMAT: Any
	3.0 - Investment policy - unless included in the internal accounting manual provided above. FORMAT:
Interim - Investments	Any
	3.1 - Most recent investment report approved by the Council - FORMAT: Any
	4.0 - List of all bank and brokerage accounts under the Town's name and tax ID. Please include the bank and brokerage contact information. Where applicable, please note the purpose, restrictions, fund, etc.
Interim - Cash and Other	associated with each account - FORMAT: Any
	5.0 - List of all locations/departments collecting cash and/or checks over the counter. - FORMAT:
Interim - Receipts/Cash	Any""
	5.1 - Cash receipts listing/register by location through today - FORMAT: Excel
	5.2 - For the Enterprise funds, please provide the most recent rate studies and council-approved rate changes.
Interim - Disbursements	6.0 - Summary of purchases by vendor through field work date - FORMAT: Excel
	6.1 - Warrant register (including any EFT) from 7/1/2020 through field work date. - Please include the account code, vendor, amount, warrant #, and warrant date FORMAT: Excel
	6.2 - List of credit cards and store cards/accounts with cardholder names, account numbers, and limits. If the name of the card and the name used as the vendor for disbursements are different, please indicate the vendor name as well. - FORMAT: Any
	6.3X - Support for Sampled Disbursements
Interim - Procurement	7.0 - List of projects that required formal bids awarded during fiscal year 2021.
	7.1 - List of public projects over $5,000 - FORMAT: Any
Interim - Commitments	8.0 - List of contracts entered into and open for 2021 - FORMAT: Any
Interim - Payroll/HR	9.0X - Payroll Sample
	9.0 - Payroll register paid in March 2021 and November 2020 - FORMAT: Adobe
	9.1 - List of employees, including identification of employees who work on federal programs, department, and category code (or job title) - FORMAT: Excel
	9.2 - List of new hires with hire dates and category code (or job title) - FORMAT: Excel
	9.3 - List of terminated employees with termination dates and category code (or job title) - FORMAT: Any
	9.4 - MOUs, employment contracts, management compensation agreements, Council compensations arrangements and supporting salary schedules - FORMAT: Adobe
	9.5 - Employee handbook and/or HR policies Handbook - unless included in the internal accounting manual provided above. FORMAT: Adobe
	9.6 - Conflict of interests policies for employees and Council, if any - unless included in the internal accounting manual provided above. FORMAT: Adobe

Attachment B - Prepared by Client List

LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
	9.7 - List of employees receiving early termination benefits and a summary of those benefits, if any - FORMAT: Any
	9.8 - Summary list of OPEB plans and retirement plans offered to employees, if any. - FORMAT: Any
	9.9 - Census information (list of employees and retirees) sent to the actuarial for the retiree health plan (OPEB) valuation report (GASB 75) . Please include their names, date of birth, and female/male. - FORMAT: Excel
	9.10 - List of employees currently enrolled in the CalPERS pension retirement plan. Please include their names, date of birth, and female/male. (GASB 68) FORMAT: Excel
Interim - Debt	10.0 - All debt agreements - FORMAT: Adobe
	10.1 - Amortization schedules for all long-term debt - FORMAT: Excel
	10.2 - Summary of capital and operating leases - Only if annual payment exceeds $10,000 FORMAT: Excel
	10.3 - Agreements for any new or amended capital or operating leases. - Only if annual payment exceeds $10,000 FORMAT: Adobe
Federal Compliance	11.0 - Grant tracker - schedule of expenditures of federal awards through date of field work. Please include the CFDA#, amount awarded, amount spent current year, amount spent for award if multi year award, program name, federal department name, pass-through entities, etc. - Please note if any portion of the State Revolving Fund loan is federally funded and if there were any additional draw downs in FY21. FORMAT: Excel
GANN Limit	12.0 - Adopted resolution for the most recent appropriations limits. FORMAT: Adobe
	12.1 - City's calculation of the most recent GANN limit
	12.2 - Department of Finance Price Factor and population information used for the GANN limit calculation
Year-End - General	13.0 - Detailed Trial Balance or Financial Summary Report by Fund and Object for June 30, 2021 - FORMAT: Excel
	13.1 - Revenue and Expenditure report with adopted budget, final budget, actual and variance by Fund and Object for the fiscal years ended June 30, 2021 - FORMAT: Excel
	13.2 - A list of journal entries from July 1, 2020 through date of field work. - This will also cover subsequent events. FORMAT: Excel
	13.3 - List of all related parties known by the Town as well as policies and procedures used by City to identify related parties. FORMAT: Any
	13.4 - Significant events after year end, such as debt agreements, significant purchases or contracts. Required subsequent event disclosure. FORMAT: Any
Year-End - Reporting	14.0 - A list of commitments in dollar amounts to vendors and contractors outstanding at 6/30/2021, that have not been recorded in accounts payable or accrued liabilities. (encumbrances, open PO's and contracts) - Required for disclosure. Please list original and remaining commitment balances. This would include fire and police services contracts. FORMAT: Excel
	14.1 - A list of Joint Powers Authorities (JPAs) for which the Town is a part of, the purpose of each JPA, the Town's role and contact information - FORMAT: Any
	14.2 - The most recently available audit reports from JPAs for which the Town is a member. - FORMAT: Paper or Adobe
Year-End - Cash and Investments	15.0 - Bank reconciliations 6/30/2021 and 7/31/2021 - FORMAT: Any
	15.1 - Bank statements for all cash accounts as of 6/30/2021 and 7/31/2021 - FORMAT: Paper or Adobe
	15.2 - Summary of restricted cash as of June 30, 2021 - FORMAT: Any
	15.3 - Brokerage and/or LAIF statements for the period ended June 30, 2021 - FORMAT: Paper or Adobe
	15.4 - If not included in brokerage statements or treasurer's report, please provide a breakdown of investment maturities by type of investment in the categories of 12 moths or less, 13-24 months, 25-36 months, 37-48 months and 49-60 months. - If only deposit money in LAIF, checking or savings, this will not be applicable FORMAT: Any

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Attachment B - Prepared by Client List

LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
	15.5 - Summary of fair values by account or type of asset as required by GASB 72 (please contact sheldon@cnallp.com if you need clarification or assistance with this) - If only deposit money in LAIF, checking or savings, this will not be applicable FORMAT: Any
Year-End - Accounts Receivable and Revenue	16.0 - Summary schedule of AR by customer, government or other resource as of 6/30/2021 - Please also include a aging report FORMAT: Excel
	16.1 - Cash receipts listing/register by location from July 1, 2021 to field work. Please ensure the report at least includes the date, description and amount. FORMAT: Excel
	16.2 - Reconciliation of property taxes
	16.3 - Schedule of gas tax apportionment from the State Controller's Office
	16.4 - Reconciliation of sales tax revenue to the general ledger and copies of BOE remittances
Year-End - Capital Assets (PP&E)	17.0 - Summary schedule showing capital assets beginning balances, additions, deletions, transfers, and ending balances for both governmental and proprietary capital assets by category as of June 30, 2021 - FORMAT: Excel
	17.1 - Detailed listing capital assets at June 30, 2021, including cost, accumulated depreciation and current year depreciation - FORMAT: Excel
	17.2 - List of all CIP by program with beginning, additions, deletions (transfers), and ending balance for fiscal year ending 6/30/21, if applicable - If possible, please include warrant/EFT #s for additions. FORMAT: Excel
	17.3 - Land or property held for sale and its net realizable value , if any. - FORMAT: Excel
	17.4 - Depreciation expense by function for 6/30/2021 - FORMAT: Excel
	17.XX Capital Asset Sample Support
Year-End - Interfund	18.0 - Summary schedule of balances due to and due from funds as of 6/30/2021 - This schedule should have three columns, the first column will report the fund with the due from (receivable), the second column will report the due to (payable), and the third column should explain the purpose of the transaction FORMAT: Excel
	18.1 - Summary schedule of transfers in and transfers out and explanations as to the purpose of the transfers for FYE 2021 - FORMAT: Excel
Year-End - Accounts Payable	19.0 - Summary of AP dollar balances by vendor and fund at June 30, 2021 - FORMAT: Excel
	19.1 - Warrant register from 7/1/2021 to 9/1/2021. Please ensure this report includes the fund and object for each warrant. Excel format.
Year-End - Deposit Payable	20.0 - List of deposit payables and reason for deposits - FORMAT: Any
Year-End - Other Liabilities	21.0 - Insurance claim payable schedule showing beginning claim payable, claims incurred, increase/decrease in estimate liability for prior claim, claim paid, and ending claim payable for FYE 2021 - If not applicable, identify the cities total potential exposure after insurance. This could simply be the Town's deductible per occurrence. FORMAT: Any
	21.1 - Open insurance claim report as of June 30, 2021 - FORMAT: Any
Year-End - Accrued Liabilities	22.0 - Supporting schedules for accrued salaries and Payroll Register covering the final pay period of the year for FY 2021 - FORMAT: Paper or Adobe
Year-End - Payroll	23.0 - Payroll register with YTD totals as of June 30, 2021 - FORMAT: Paper or Adobe
	23.1 - Payroll reconciliations from register or 941's to GL for FYR 6/30/2021, if any. - FORMAT: Excel
	23.2 - Schedule of vacation and sick accruals, including beginning balance, earned, paid, and ending balance. (Compensated absences) for FYE 6/30/2021 - Please provide in hours and dollars FORMAT: Excel
Year-End - PERS	24.0 - CalPERS actuarial valuation report for GASB 68 reporting, if not provided online on CalPERS website - FORMAT: Paper or Adobe
	24.1 - Schedule of CalPERS covered member, noting active and inactive members and which members are receiving benefits, for each plan - If not already provided at interim FORMAT: Any
	24.2 - Summary of CalPERS contributions by employer and employee, for each plan - FORMAT: Any
Year-End - OPEB	25.0 - Actuarial report for GASB 75, if applicable. - If not already provided at interim FORMAT: Paper or Adobe
	25.1 - CERBT or other trust account statement for FYE 6/30/2021 - FORMAT: Paper or Adobe

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Attachment B - Prepared by Client List

LIST OF ITEMS (FORMAT AND PRESENTATION IS A DOWNLOAD FROM ENGAGEMENT ORGANIZER AND LESS PRESENTABLE)

SECTION NAME	REQUEST ITEM
Year-End - Debt	26.0 - Schedule of long term debt showing beginning balance, payment, and ending balances and amounts due within one year for FYE 6/30/2021 - FORMAT: Paper or Adobe
	26.1 - Debt agreements and amortization schedules, if any changes or for new debt. Please include any new debt issued subsequent to year end as well - If not already provided at interim FORMAT: Any
Year-End - Fund Balance/Net Assets	27.0 - Final summary of fund balance classifications per GASB 54 (Nonspendable, Restricted, Assigned and Unassigned) - FORMAT: Excel
	27.1 - Town Council resolution supporting committed fund balances per GASB 54 and any revenue stabilization agreements, if any. - FORMAT: Paper or Adobe
Year-End - GANN	28.0 - GANN Limit resolution and council agenda report for 2021. - Please provide the original resolution and calculation as well as the final resolution and calculation, if applicable FORMAT: Adobe or paper
	28.1 - GANN Limit letter from state department of finance with population information - FORMAT: Adobe or paper

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

ATTACHMENT C PROPOSER WARRANTIES

The proposer warrants that it can and will provide and make available, at a minimum, all of the services and deliverables set forth in this RFP.

The proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts or omissions of any officers, employees, or agents in conjunction with the services to be provided. Coverage limits shall be $2,000,000 or more per occurrence, without reduction for claims paid during the policy period. The carrier should be duly insured and authorized to issue similar insurance policies for this nature in the State of California.

The proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Town.

The proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature:

Printed Name: Sheldon Chavan

Title: Managing Partner

Firm: Chavan & Associates, LLP

Date: 10/8/2021

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

ATTACHMENT D - CONFLICT OF INTEREST STATEMENT

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

PROFESSIONAL AUDITING SERVICES

The undersigned declares:

I/We Chavan & Associates, LLP (Insert Name) have the following financial, business, or other relationship with Town of Los Gatos that may have an impact upon the outcome of the contract. If none, please specify that no other relationships may have an impact on this contract or Project.

None and no other relationships may have an impact on this contract

I/We Chavan & Associates, LLP (Insert Name) have the following current clients who may have a financial interest in the outcome of this contract. If none, please specify that no other clients may have a financial interest with an impact on this contract or Project.

None

Pursuant to Government Code section 1090 and any other laws, rules and regulations that may apply, the Proposer covenants that neither it, its subcontractors nor employees presently have an interest, and shall not acquire any interest, direct or indirect, financial or otherwise that would conflict in any manner or degree with contract awarded from this RFP. Proposer certifies that to the best of its knowledge, no one who has or will have any financial interest in the contract awarded from this RFP is an officer or employee of the Town. Through its submittal of a proposal, Proposer acknowledges that it is familiar with Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California and will

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

immediately notify the Town if it becomes aware of any facts concerning the contract to be awarded that constitute a violation of said provisions.

Furthermore, if there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. No person, firm, or corporation under the same or different name, shall make, file, or be interested in more than one proposal for the same work unless alternate proposals are called for. A person, firm, or corporation who has submitted a sub-proposal to a Proposer, or who has quoted prices on materials to a Proposer, is not thereby disqualified from submitting a sub-proposal or quoting prices to other Proposers. Reasonable ground for believing that any Proposer is interested in more than one proposal for the same work will cause the rejection of all proposals for the work in which a Proposer is interested. If there is reason to believe that collusion exists among the Proposers, the Town may refuse to consider proposals from participants in such collusion. Proposers shall submit as part of their proposals documents the completed Non-Collusion Declaration provided herein.

I, on behalf of the Proposer, declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on October 8, 2021 [date], at Mogan Hill [city], CA [state].

Chavan & Associates, LLP	Managing Partner
Proposer Name (Person, Firm, Corp.)	Title of Authorized Representative
15105 Concord Circle, Ste 130	Sheldon Chavan
Address	Name of Authorized Representative
Morgan Hill, CA 95037	
City, State, Zip	
10/8/2021	
Date	Signed

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

ATTACHMENT E – NON-COLLUSION DECLARATION

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

PROFESSIONAL AUDITING SERVICES

The undersigned declares:

I am the Managing Partner [Insert Title] of Chavan & Associates, LLP [Insert name of company, corporation, LLC, partnership or joint venture] the party making the foregoing proposal.

The proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The proposal is genuine and not collusive or sham. The Respondent has not directly or indirectly induced or solicited any other respondent to put in a false or sham proposal. The Respondent has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or to refrain from responding. All statements contained in the proposal are true.

Any person executing this declaration on behalf of a respondent that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the respondent.

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

ATTACHMENT F - REFERENCES

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

PROFESSIONAL AUDITING SERVICES

List three (3) references for work of a similar nature to the Services performed within the last five (5) years. Use additional sheets as necessary.

1.

City of Carmel-by-the-Sea	PO Box CC, Carmel-by-the-Sea, CA 93921
Name of Agency	Agency Address
Robin Scattini	Finance Director
Contact Name	Contact Title
831-620-2019	rscattini@ci.carmel.ca.us
Contact Telephone	Contact Email Address
6/30/2019 to 6/30/2021	$27,000
Contract Period	Contract Amount

ACFR, Audit, Single Audit, GANN, Measure S, Management Letters

Description of services performed including costs.

2.

City of Saratoga	13777 Fruitvale Ave, Saratoga, CA 95070
Name of Agency	Agency Address
Dennis Jaw	Finance Manager
Contact Name	Contact Title
408-868-1227	djaw@saratoga.ca.us
Contact Telephone	Contact Email Address
6/30/2014-6/30/2021	$39,000
Contract Period	Contract Amount

ACFR, Audit, Single Audit, Management Letters, GANN, TDA Audit

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

Description of services performed including costs.

3. City of Del Rey Oaks — Name of Agency
650 Canyon Del Rey Road, Del Rey Oaks, CA 93940 — Agency Address

Roberto Moreno — Contact Name
Chief Business Officer — Contact Title

831-394-8511 — Contact Telephone
RobertoM@GovernmentFinancialSolutionsInc.com — Contact Email Address

6/30/2018-6/30/2021 — Contract Period
$26,750 — Contract Amount

Audit, GANN, Measure S, Police AUP, Management Letters

Description of services performed including costs.

I hereby certify that the Proposer performed the work listed above.

Signature of Proposer	Name	Date
	Sheldon Chavan	10/8/2021

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on 10/8/21 [date], at Morgan Hill [city], CA [state].

By:

Name: Sheldon Chavan

Title: Managing Partner

DocuSign Envelope ID: 2529C044-9E24-4732-8959-482B8D58876E

ATTACHMENT G - STATEMENT REGARDING INSURANCE COVERAGE AND WORKER'S COMPENSATION INSURANCE ACKNOWLEDGMENT CERTIFICATE

THIS FORM MUST BE PRINTED OUT, COMPLETED AND SUBMITTED WITH THE PROPOSAL

PROFESSIONAL AUDITING SERVICES

PROPOSER HEREBY CERTIFIES that the Proposer has reviewed and understands the insurance coverage requirements specified in the RFP. Should the Proposer be awarded a contract for Services, Proposer further certifies that the Proposer can meet the specified requirements for insurance, including insurance coverage of any subcontractors, and agrees to name the Town as additional insured for the Services specified.

By certifying this form, the Proposer also understands the Worker's Compensation insurance requirement per the California Labor Code, Sections 1860 and 1861:

> I am aware of the provisions of Section 3700 of the Labor Code, which require every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

Chavan & Associates, LLP

Name of Proposer (Person, Firm, or Corporation)

Signature of Proposer's Authorized Representative

Sheldon Chavan, Managing Partner

Name & Title of Authorized Representative

10/8/2021

Date of Signing

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 13

DATE: January 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt a Resolution to Ratifying the Emergency Procurement of Services for Flood Restoration at Civic Center**

RECOMMENDATION: Adopt a resolution to ratify Town staff's emergency purchasing actions; grant the Town Manager the authority to execute an Agreement for Services in substantially the form prepared, as necessary to complete flood remediation and restoration work with Sharjo, LLC in an amount not to exceed $300,000; and authorize an expenditure budget adjustment in the amount of $300,000 to the Annual Unanticipated Repairs Project (CIP No. 811-9904; 4118151) funded from the General Fund unassigned fund balance.

FISCAL IMPACT:

The total cost for flood response, mitigation, remediation, and anticipated restoration work at the Civic Center is still being developed. Final costs are still being determined but are not expected to exceed $300,000.

Funding will be provided through an appropriation from the General Fund unassigned Fund Balance to the Annual Unanticipated Repairs Project (CIP No. 811-9904; 4118151). Staff is concurrently pursuing reimbursement through the Town's insurance program; however, authorization of capital project expenditures ensures that all required work can proceed without delay, regardless of the timing or outcome of insurance reimbursement. Authorization of the full not-to-exceed amount provides flexibility to address additional damage identified during restoration without requiring subsequent Council action. The Town anticipates insurance reimbursement for eligible costs in excess of the $100,000 flood deductible and $10,000 mold deductible.

PREPARED BY: Maura Herlihy
Senior Administrative Analyst PPW

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Administrative Services Director

STRATEGIC PRIORITY:

This item is associated with the Town's strategic priorities of public safety and quality public infrastructure.

EXECUTIVE SUMMARY:

On December 25, 2025, significant rainfall resulted in flooding at the Civic Center, impacting multiple public-facing and staff work areas. Immediate action was required to stabilize conditions and prevent further damage. Pursuant to authority granted under Town Council Policy 4-06 and Town Code Section 2.50.145, the Town Manager authorized Parks and Public Works staff to initiate emergency purchasing actions to address the damage. As repair needs continue to be evaluated and costs refined based on expanded damage assessments, this item seeks to ratify emergency purchasing actions and authorize funding and contracting authority to allow restoration work to proceed without delay.

BACKGROUND:

On December 25, 2025, during a significant rainstorm, flooding occurred within the Civic Center. Impacted areas included the Clerk's Office, the Community Development Department (CDD), the Council Chambers lobby, and adjacent office spaces. The flooding posed an immediate risk to Town facilities, public health, and the Town's ability to maintain normal operations when the Civic Center reopened following the holiday closure.

Parks and Public Works staff contacted Sharjo LLC dba ServiceMaster on December 25, 2025. Sharjo LLC dba ServiceMaster was selected based on staff's past positive experience with the company in responding quickly and efficiently to similar incidents. The contractor mobilized the same day to begin water extraction, drying, and damage assessment activities. Early action focused on stabilizing conditions and preserving the safety and usability of the facility.

DISCUSSION:

The flooding event constituted a sudden and unexpected occurrence that posed an imminent risk to Town property, public health, and the continuity of municipal operations. Consistent with the definition of an emergency under Town Council Policy 4-06 and the authority vested in the Town Manager under the Town's Purchasing Policy 4-06, Emergency Procurement Policy 4-10, Town Code Section 2.50.145, and Public Contract Code Section 22050, the Town Manager exercised delegated purchasing authority to authorize Parks and Public Works to immediately contract for and expend Town resources necessary to address the damage and restore safe conditions at the Civic Center. Following any flooding event, a fast response is critical to preventing the growth of mold within the impacted building materials, so this emergency action

was warranted. Attachment 1 is a resolution recognizing the flood event and authorizing the emergency purchase of services.

Emergency response and remediation activities included immediate water extraction and drying, removal of impacted materials, cleaning and disinfection, moisture monitoring, air quality testing, and restoration of affected interior components. Air quality testing conducted on January 5, 2026, indicated no measurable mold in the building.

Following water extraction from carpeted areas, Sharjo LLC dba ServiceMaster continued initial emergency remediation work; removed two feet of wall material in affected areas, disposed of wall materials, inspected and disinfected the space between walls, and restored the area. This protocol is consistent with recommendations for minimizing the risk of mold growth in buildings.

Based on contractor quotes and projected restoration costs, staff recommends a not-to-exceed authorization of $300,000 to address unforeseen conditions identified during ongoing restoration planning without requiring additional Council action. Attachment 2 is a draft of the agreement with Sharjo, LLC. The agreement will be finalized after staff has confirmed project costs with the contractor.

CONCLUSION:

The Civic Center flooding required immediate action to protect Town property, safeguard public health, and maintain essential municipal operations. The Town Manager directed staff to act within the authority granted under Town policy and code. Ratification of emergency actions and authorization of funding and contracting authority will allow staff to complete repairs efficiently and maintain transparency and fiscal accountability while final costs are confirmed.

COORDINATION:

This report was prepared with coordination among the Parks and Public Works Department, Finance Department, Town Attorney, and Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

This is not a project as defined under the California Environmental Quality Act (CEQA), and no further environmental review is required.

Attachments:

1. Resolution Authorizing the Emergency Procurement of Services to Repair Flood Damage at the Civic Center
2. Draft Agreement – Sharjo LLC

RESOLUTION 20 -xx

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS RATIFYING THE EMERGENCY PROCUREMENT OF SERVICES FOR FLOOD RESTORATION AT CIVIC CENTER

WHEREAS, the Town of Los Gatos experienced substantial rainfall on the morning of December 25, 2025; and

WHEREAS, stormwater associated with that rainfall entered the Civic Center both upstairs and downstairs, flooding lobby areas at the Clerk's office and Community Development Department, and various office locations; and

WHEREAS, the Los Gatos Town Code Sections 2.59.130(b) and 2.50.145, Town Purchasing Policy 4-06, Town Emergency Procurement Policy 4-10, and Public Contract Code Section 22050 provide the Town Manager authority to authorize repairs that are necessary to preserve property in the event of an emergency; and

WHEREAS, flooding is known to contribute to the growth of mold if mitigation measures are not implemented immediately, leading to potential health and safety impacts for staff and the public; and

WHEREAS, in accordance with CEQA Guidelines Section 15301, repairs to an existing facility are exempt from the California Environmental Quality Act (CEQA);

BE IT RESOLVED that the Town Council of the Town of Los Gatos does hereby declare, determine, and order that:

1. The Town Council ratifies the emergency procurement of services from ServiceMaster to support remediation and restoration of the Civic Center and confirms that the Town Manager was authorized to execute the necessary agreement for this work.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 20th day of January, 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

DRAFT

SIGNED:

_____
MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

_____
TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DRAFT

AGREEMENT FOR SERVICES

PREAMBLE

THIS AGREEMENT is by and between TOWN OF LOS GATOS, a California municipal corporation, ("Town") and Sharjo, LLC ("Contractor"), a Limited Liability Company and whose address is 5451 Industrial Way, Benicia, CA, 94510. This Agreement is made with reference to the following facts.

I. RECITALS

A. Contractor represents and affirms that it is willing to perform the desired work pursuant to this Agreement.

B. Town desires to engage Contractor to provide water intrusion remediation services.

C. Contractor warrants it possesses the distinct professional skills, qualifications, experience, and resources necessary to timely perform the services described in this Agreement. Contractor acknowledges Town has relied upon these warranties to retain the Contractor.

II. AGREEMENT

A. Scope of Services. Contractor shall provide services as described in the Scope of Services, which is hereby incorporated by reference and attached as Exhibit A and Exhibit B.

B. Term. The term of this Agreement shall be from Thursday, December 25, 2025 to Thursday, December 31, 2026.

C. Compliance with Laws. The Contractor shall comply with all applicable laws, codes, ordinances, and regulations of governing federal, state and local laws. Contractor represents and warrants to Town that it has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for the Contractor to practice its profession. Contractor shall maintain a Town of Los Gatos business license pursuant to Chapter 14 of the Code of the Town of Los Gatos.

DRAFT

D. Sole Responsibility. Contractor shall be responsible for employing or engaging all persons necessary to perform the services under this Agreement.

E. Information/Report Handling. All documents furnished to the Contractor by the Town and all reports and supportive data prepared by the Contractor under this Agreement are the Town's property and shall be delivered to the Town upon the completion of services or at the Town's written request. All reports, information, data, and exhibits prepared or assembled by the Contractor in connection with the performance of its services pursuant to this Agreement are confidential until released by the Town to the public, and the Contractor shall not make any of these documents or information available to any individual or organization not employed by the Contractor or the Town without the written consent of the Town before such release. The Town acknowledges that the reports to be prepared by the Contractor pursuant to this Agreement are for the purpose of evaluating a defined project, and Town's use of the information contained in the reports prepared by the Contractor in connection with other projects shall be solely at Town's risk, unless Contractor expressly consents to such use in writing. Town further agrees that it will not appropriate any methodology or technique of Contractor which is and has been confirmed in writing by Contractor to be a trade secret of the Contractor.

F. Compensation: Compensation for services at the rates set forth in Exhibit A and Exhibit B and in the amount **not to exceed TBD**, inclusive of all costs subject to appropriation of funds, notwithstanding any other pro this agreement. Payment shall be based upon Town approval of each task.

G. Billing. Billing shall be monthly by invoice within thirty (30) days of the rendering of the service and shall be accompanied by a detailed explanation of the work performed by whom at what rate and on what date. Also, plans, specifications, documents or other pertinent materials shall be submitted for Town review, even if only in partial or draft form.
Payment shall be net thirty (30) days. All invoices and statements to the Town shall be addressed as follows:
Invoices: Town of Los Gatos
Attn: Accounts Payable
P.O. Box 655
Los Gatos, CA 95031-0655
Email (preferred): AP@losgatosca.gov

H. Availability of Records. Contractor shall maintain the records supporting this billing for not less than three years following completion of the work under this Agreement. Contractor shall make these records available to authorized personnel of the Town at the Contractor offices during business hours upon written request of the Town.

I. Assignability and Subcontracting. The services to be performed under this Agreement are unique and personal to the Contractor. No portion of these services shall be assigned or subcontracted without the written consent of the Town.

DRAFT

J. Independent Contractor. It is understood that the Contractor, in the performance of the work and services agreed to be performed, shall act as and be an independent contractor and not an agent or employee of the Town. As an independent contractor he/she shall not obtain any rights to retirement benefits or other benefits which accrue to Town employee(s). With prior written consent, the Contractor may perform some obligations under this Agreement by subcontracting, but may not delegate ultimate responsibility for performance or assign or transfer interests under this Agreement. Contractor agrees to testify in any litigation brought regarding the subject of the work to be performed under this Agreement. Contractor shall be compensated for its costs and expenses in preparing for, traveling to, and testifying in such matters at its then current hourly rates of compensation, unless such litigation is brought by Contractor or is based on allegations of Contractor's negligent performance or wrongdoing.

K. Conflict of Interest. Contractor understands that its professional responsibilities are solely to the Town. The Contractor has and shall not obtain any holding or interest within the Town of Los Gatos. Contractor has no business holdings or agreements with any individual member of the Staff or management of the Town or its representatives, nor shall it enter into any such holdings or agreements. In addition, the Contractor warrants that it does not presently and shall not acquire any direct or indirect interest adverse to those of the Town in the subject of this Agreement, and it shall immediately disassociate itself from such an interest, should it discover it has done so and shall, at the Town's sole discretion, divest itself of such interest. Contractor shall not knowingly and shall take reasonable steps to ensure that it does not employ a person having such an interest in this performance of this Agreement. If after employment of a person Contractor discovers it has employed a person with a direct or indirect interest that would conflict with its performance of this Agreement, Contractor shall

promptly notify Town of this employment relationship, and shall, at the Town's sole discretion, sever any such employment relationship.

L. Non-Discrimination. Contractor warrants that it is an equal opportunity employer and shall comply with applicable regulations governing equal employment opportunity. Neither the Contractor nor its subcontractors do and neither shall discriminate against persons employed or seeking employment with them on the basis of age, sex, color, race, marital status, sexual orientation, ancestry, physical or mental disability, national origin, religion, or medical condition, unless based upon a bona fide occupational qualification pursuant to the California Fair Employment & Housing Act.

III. INSURANCE AND INDEMNIFICATION

A. Minimum Scope of Insurance:

1. Contractor agrees to have and maintain, for the duration of the contract, General Liability insurance policies insuring him/her and his/her firm to an amount not less than: two million dollars ($2,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

2. Contractor agrees to have and maintain for the duration of the contract, an Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than one million dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

3. Contractor shall provide to the Town all certificates of insurance, with original endorsements effecting coverage. Contractor agrees that all certificates and endorsements are to be received and approved by the Town before work commences.

DRAFT

B. General Liability:

1. The Town, its elected and appointed officials, employees, and agents are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor, premises owned or used by the Contractor.

2. The Contractor's insurance coverage shall be primary insurance as respects the Town, its elected and appointed officials, employees, and agents. Any insurance or self-insurances maintained by the Town, its officers, officials, employees or agents shall be excess of the Contractor's insurance and shall not contribute with it.

3. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or agents.

4. The Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

C. All Coverages. Each insurance policy required in this item shall be endorsed to state that coverage shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Town. Current certification of such insurance shall be kept on file at all times during the term of this agreement with the Town Clerk.

D. Workers' Compensation. In addition to these policies, Contractor shall have and maintain Workers' Compensation insurance as required by California law and shall provide evidence of such policy to the Town

before beginning services under this Agreement. Further, Contractor shall ensure that all subcontractors employed by Contractor provide the required Workers' Compensation insurance for their respective employees. As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than one million dollars ($1,000,000) per accident for bodily injury or disease.

E. Indemnification. The Contractor shall indemnify the Town its elected and appointed officials, employees and agents from all damages, liabilities, penalties, costs, or expenses in law or equity that may at any time arise or be set up because of damages to property or personal injury received by reason of, or in the course of performing work which may be occasioned by any act or omissions of the Contractor, or any of the Contractor's officers, employees, or agents or any subcontractor. Contractor shall defend the Town against any such claims.

IV. GENERAL TERMS

A. Waiver. No failure on the part of either party to exercise any right or remedy hereunder shall operate as a waiver of any other right or remedy that party may have hereunder, nor does waiver of a breach or default under this Agreement constitute a continuing waiver of a subsequent breach of the same or any other provision of this Agreement.

B. Governing Law. This Agreement, regardless of where executed, shall be governed by and construed to the laws of the State of California. Venue for any action regarding this Agreement shall be in the Superior Court of the County of Santa Clara.

C. Termination of Agreement. The Town and the Contractor shall have the right to terminate this agreement with or without cause by giving not less than fifteen days (15) written notice of termination. In the event of termination, the Contractor shall deliver to the Town all plans, files, documents, reports, performed to date by the Contractor. In the event of such termination, Town shall pay Contractor an amount that bears the same ratio to the maximum contract price as the work delivered to the Town bears to completed services contemplated under this Agreement, unless such termination is made for cause, in which event, compensation, if any, shall be adjusted in light of the particular facts and circumstances involved in such termination.

DRAFT

D. Prevailing Wages. This project is subject to the requirements of Section 1720 et seq. of the California Labor Code requiring the payment of prevailing wages, the training of apprentices and compliance with other applicable requirements. Contractors and all subcontractors who perform work on the project are required to comply with these requirements. Prevailing wages apply to all projects over $1,000 which are defined as a "public work" by the State of California. This includes: construction, demolition, repair, alteration, maintenance and the installation of photovoltaic systems under a Power Purchase Agreement when certain conditions are met under Labor Code Section 1720.6. This include service and warranty work on public buildings and structures.

1. The applicable California prevailing wage rate can be found at www.dir.ca.gov and are on file with the Town of Los Gatos Parks and Public Works Department, which shall be available to any interested party upon request. The contractor is also required to have a copy of the applicable wage determination posted and/or available at each jobsite.

2. Specifically, contractors are reminded of the need for compliance with Labor Code Section 1774-1775 (the payment of prevailing wages and documentation of such), Section 1776 (the keeping and submission of

accurate certified payrolls) and 1777.5 in the employment of apprentices on public works projects. Further, overtime, weekend and holiday pay, and shift pay must be paid pursuant to applicable Labor Code

3. The public entity for which work is being performed or the California Department of Industrial Relations may impose penalties upon contractors and subcontractors for failure to comply with prevailing wage requirements. These penalties are up to $200 per day per worker for each wage violations identified; $100 per day per worker for failure to provide the required paperwork and documentation requested within a 10-day window; and $25 per day per worker for any overtime violation.

4. As a condition to receiving progress payments, final payment and payment of retention on any and all projects on which the payment of prevailing wages is required, the contractor agrees to present to the TOWN, along with its request for payment, all applicable and necessary certified payrolls (for itself and all applicable subcontractors) for the time period covering such payment request. The term "certified payroll" shall include all required documentation to comply with the mandates set forth in Labor Code Section 1720 et seq, as well as any additional documentation requested by the Agency or its designee including, but not limited to: certified payroll, fringe benefit statements and backup documentation such as monthly benefit statements, employee timecards, copies of wage statements and cancelled checks, proof of training contributions (CAC2 if applicable), and apprenticeship forms such as DAS-140 and DAS-142.

5. In addition to submitting the certified payrolls and related documentation to the TOWN, the contractor and all subcontractors shall be required to submit certified payroll and related documents electronically to the California Department of Industrial Relations. Failure to submit payrolls to the DIR when mandated by the project parameters shall also result in the withholding of progress, retention and final payment.

DRAFT

6. No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].
   No contractor or subcontractor may be awarded a contract for public work on a public works project, unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. Contractors MUST be a registered "public works contractor" with the DIR AT THE TIME OF BID. Where the prime contract is less than $15,000 for maintenance work or less than $25,000 for construction alternation, demolition or repair work, registration is not required.

7. Should any contractor or subcontractors not be a registered public works contractor and perform work on the project, Contractor agrees to fully indemnify the TOWN for any fines assessed by the California Department of Industrial Relations against the TOWN for such violation, including all staff costs and attorney's fee relating to such fine.
   The TOWN shall withhold any portion of a payment; including the entire payment amount, until certified payroll forms and related documentation are properly submitted, reviewed and found to be in full compliance. In the event that certified payroll forms do not comply with the requirements of Labor Code Section 1720 et seq., the TOWN may continue to hold sufficient funds to cover estimated wages and penalties under the contract.

E. Amendment. No modification, waiver, mutual termination, or amendment of this Agreement is effective unless made in writing and signed by the Town and the Contractor.

F. Notices. Any notice required to be given shall be deemed to be duly and properly given if mailed postage prepaid, and addressed to:

Town of Los Gatos
Attn: Town Clerk
110 E. Main Street, Los Gatos, CA 95030

Sharjo, LLC
5451 Industrial Way, Benicia, CA, 94510

or personally delivered to the Contractor to such address or such other address as Contractor designates in writing to Town.

G. Order of Precedence. In the event of any conflict, contradiction, or ambiguity between the terms and conditions of this Agreement in respect of the Products or Services and any attachments to this Agreement, then the terms and conditions of this Agreement shall prevail over attachments or other writings.

H. Entire Agreement. This Agreement, including all Exhibits, constitutes the complete and exclusive statement of the Agreement between the Town and the Contractor. No terms, conditions, understandings or agreements purporting to modify or vary this Agreement, unless hereafter made in writing and signed by the party to be bound, shall be binding on either party.

DRAFT

IN WITNESS WHEREOF, the Town and the Contractor have executed this Agreement.

TOWN OF LOS GATOS:	Sharjo LLC
SIGNATURE	**SIGNATURE**
Chris Constantin	Francisco Vega
FULL NAME	**VENDOR SIGNATORY'S FULL NAME**
Town Manager	Chief Operating Officer
TITLE	**VENDOR SIGNATORY'S TITLE**
DATE SIGNED	**DATE SIGNED**

Approved as to form:

SIGNATURE
Gabrielle Whelan
FULL NAME
Town Attorney
TITLE
DATE SIGNED

DRAFT

The execution date is the date on which the last party has signed.

Attachments:

A - Exhibit A

B - Exhibit B

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 14

DATE: January 15, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Consider a Recommendation by the Planning Commission to Approve a Zone Change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) and a General Plan Amendment to Change the Land Use Designation from Central Business District to Medium Density Residential, for Property Located at 4 Tait Avenue. APN: 510-44-054. Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3). Zone Change Application Z-25-002 and General Plan Amendment Application GP-25-002. Property Owner/Applicant: Town of Los Gatos. Project Planner: Sean Mullin. Ordinance Title: An Ordinance of the Town Council of the Town Of Los Gatos Amending the Zoning Code from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) for Property Located at 4 Tait Avenue.**

RECOMMENDATION: Accept the Planning Commission's recommendation and introduce an Ordinance effecting a zone change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay), and adopt a Resolution effecting a General Plan amendment to change the Land Use designation from Central Business District to Medium Density Residential, for property located at 4 Tait Avenue.

PREPARED BY: Sean Mullin, AICP
Planning Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Community Development Director

FISCAL IMPACT:

There is no fiscal impact associated with this action. Approving the zone change and General Plan amendment applications would not in itself result in an impact on the Town's budget.

STRATEGIC PRIORITY:

The zone change and General Plan amendment supports the Town's core goal of Community Character and the strategic priority to preserve the Town's small-town charm and provide a range of housing opportunities and historic neighborhoods, while diligently maintaining and implementing the Housing Element.

BACKGROUND:

The subject parcel is owned by the Town and located at the northeast corner of Tait Avenue and West Main Street in the Broadway Historic District (Attachment 1). The property is developed with an approximately 2,525-square foot primary building and an ancillary outbuilding originally constructed as a fire station and later used as a museum. The museum use was discontinued several years ago. The primary building and outbuilding are currently unoccupied.

On August 4, 2020, the Town Council authorized the Town Manager to execute a long-term lease agreement with Tait Firehouse LLC for the subject property. The agreement allowed the property to remain in Town control, maintained the historic value of the property, required no monetary resources from the Town, and provided a potential annual revenue stream to the Town.

On April 20, 2021, the Town Council introduced an Ordinance to rezone the property from R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) to C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) and adopted a resolution approving a General Plan amendment to change the Land Use designation from Medium Density Residential to Central Business District (Attachment 5, Exhibits 2 and 3). These changes were requested by the applicant at the time to allow the building to be leased for commercial uses. A viable commercial tenant for the space was not secured, and the property remains unoccupied.

On January 21, 2025, the Council adopted a resolution declaring the property to be exempt surplus land pursuant to the Surplus Land Act [Government Code Section 54221(f)(1)(B)] and authorizing the Town Manager to pursue disposal of the property (Attachment 5, Exhibit 4).

On October 7, 2025, the Council approved an agreement for brokerage services for the disposition of the property.

Given the challenges experienced in trying to secure a viable commercial tenant for the property, the Town now seeks to return to the residential designation of the property by changing the zoning from C-2:LHP to R-1D:LHP, and changing the Land Use designation from Central Business District to Medium Density Residential.

On December 10, 2025, the Planning Commission received the staff report and public comments on the proposed project and forwarded a recommendation of approval to the Town Council by unanimous vote (Attachments 5 through 7).

The Town Council serves as the final decision-making body for the zone change and General Plan amendment applications.

DISCUSSION:

A. Project Summary

The Town seeks to return to the residential designation of the property by changing the zoning from C-2:LHP to R-1D:LHP and changing the Land Use designation from Central Business District to Medium Density Residential.

B. Planning Commission

On December 10, 2025, the Planning Commission received the staff report, and public comments on the proposed project and forwarded a recommendation of approval to the Town Council by unanimous vote (Attachments 5 through 7).

PUBLIC COMMENTS:

Project signage was installed on the site, and written notice was sent to property owners and tenants located within 300 feet of the subject property. Project signs were updated following the Planning Commission hearing dates to show the Town Council hearing date and time. At the time of publication of this report, no public comments were received.

CONCLUSION:

The Town seeks to return to the residential designation of the property by changing the zoning from C-2:LHP to R-1D:LHP and changing the Land Use designation from Central Business District to Medium Density Residential. The proposed zone change and General Plan amendment would be consistent with the existing pattern of zones and land uses adjacent to downtown (Attachment 1). Additionally, reuse of the existing historic structure is supported by General Plan goals and policies.

RECOMMENDATION:

Staff recommends that the Town Council take the following actions:

1. Make the required finding that there is no possibility that this project will have a significant impact on the environment; therefore, the project is not subject to the California Environmental Quality Act, Section 15061 (b)(3) (Attachment 2);
2. Introduce an Ordinance to effect the Zone Change, including the findings that the proposed zone change is consistent with the General Plan and its Elements in that the proposed zoning is consistent with the proposed General Plan Land Use designation (Attachment 2);
3. Adopt a Resolution to approve the General Plan Amendment, including the findings that the General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its Elements (Attachment 4); and
4. Approve Zone Change application Z-25-002 and General Plan Amendment application GP-25-002.

ALTERNATIVES:

Alternatively, the Council can:

1. Approve the applications with additional and/or modified conditions; or
2. Continue the matter to a date certain with specific direction; or
3. Deny the applications and make the required findings for denial.

COORDINATION:

This report was coordinated with the offices of the Town Manager and Town Attorney.

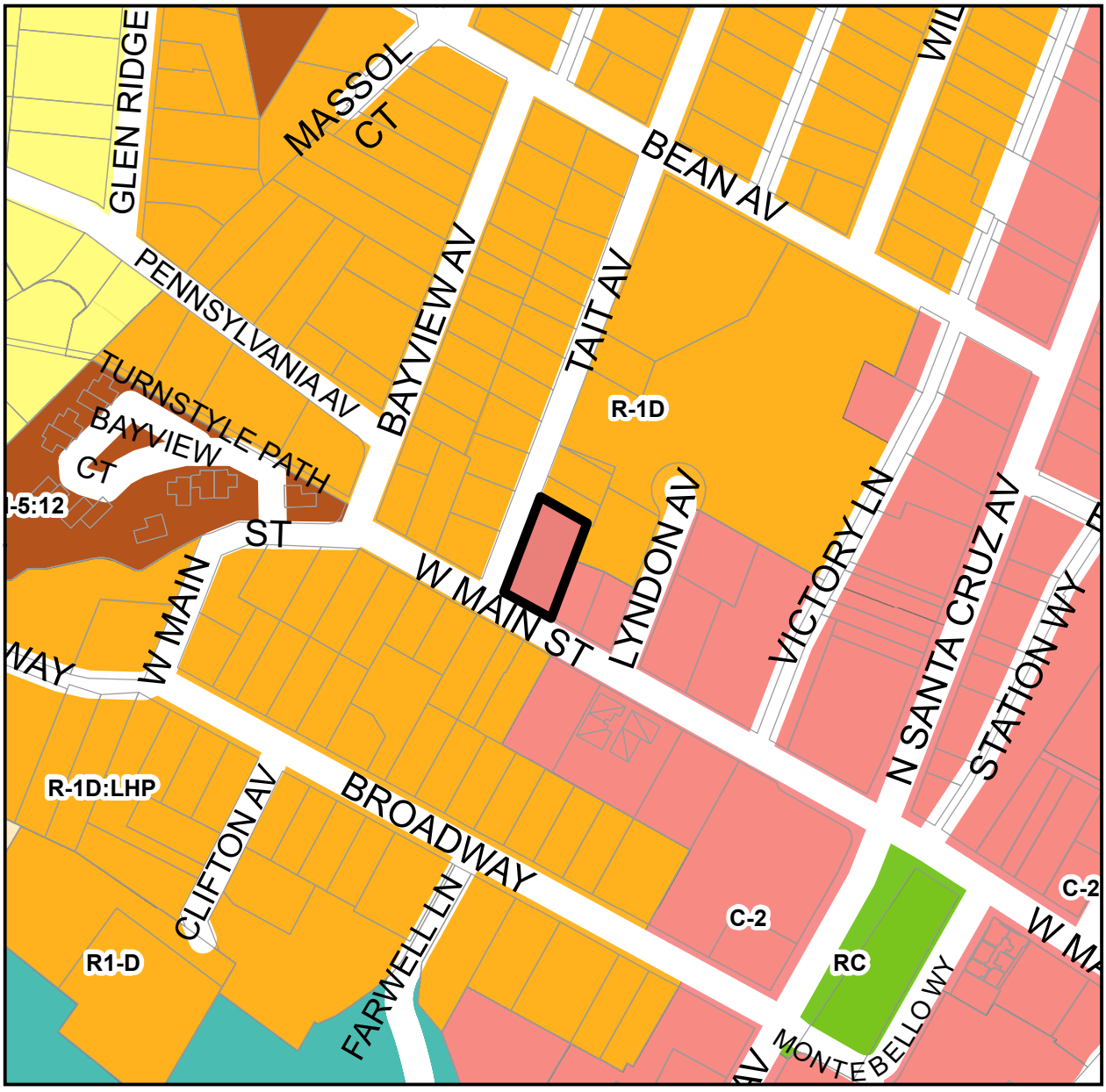
ENVIRONMENTAL ASSESSMENT:

This is a project as defined under CEQA but is Categorically Exempt [Section 15061 (b)(3)]. A Notice of Exemption will not be filed.

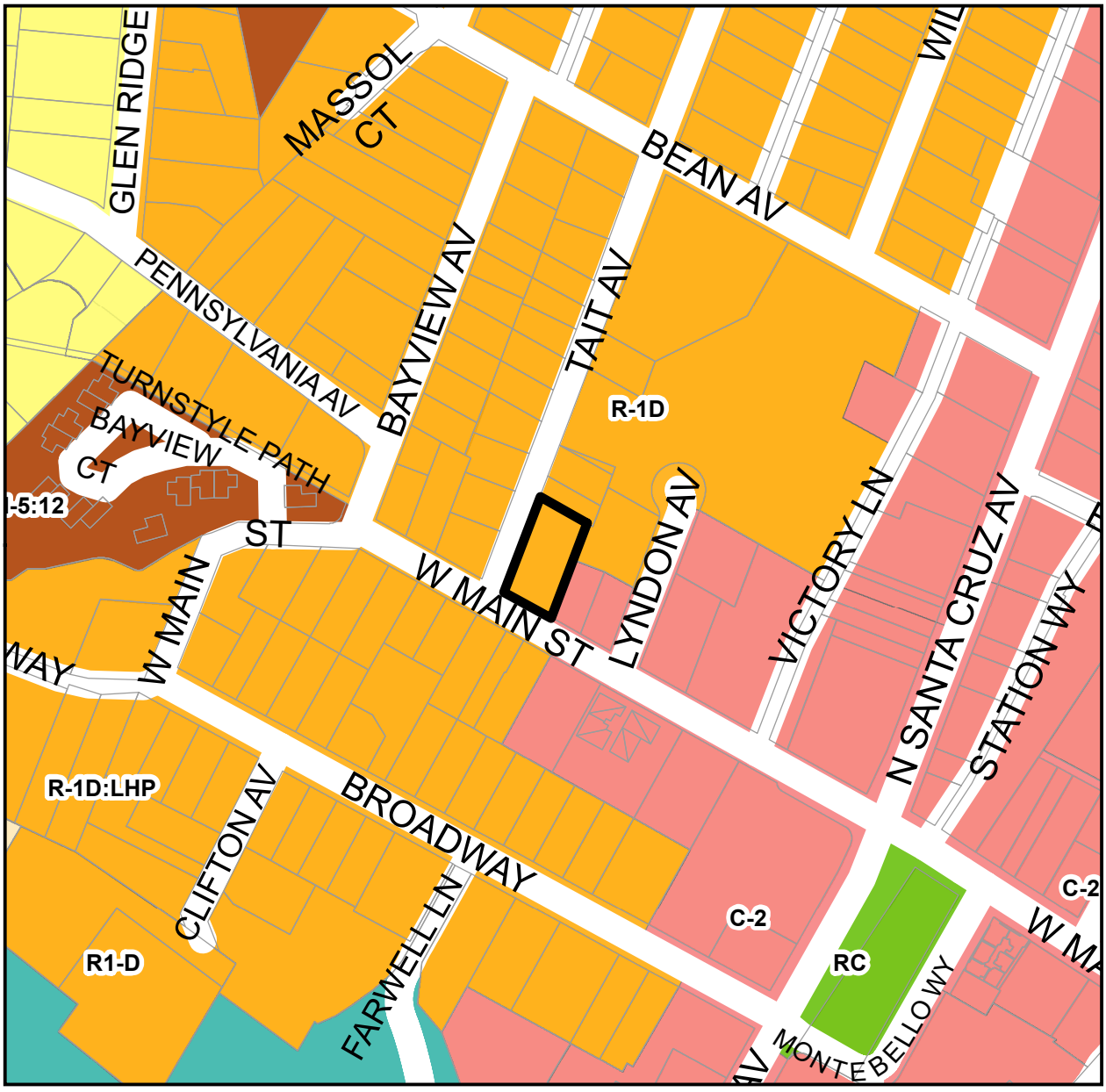
ATTACHMENTS:

1. Location Maps (showing existing and proposed General Plan Land Use designations and Zoning)
2. Draft Required Findings
3. Draft Ordinance for the Zone Change, with Exhibit A
4. Draft Resolution for the General Plan Amendment, with Exhibit A
5. December 10, 2025, Planning Commission Staff Report, with Exhibits 1 through 8
6. December 10, 2025, Planning Commission Addendum report, with Exhibit 9
7. December 10, 2025, Planning Commission Verbatim Minutes
8. Public comment received before 11:00 a.m., Thursday, January 15, 2026

4 Tait Avenue
Existing Zoning

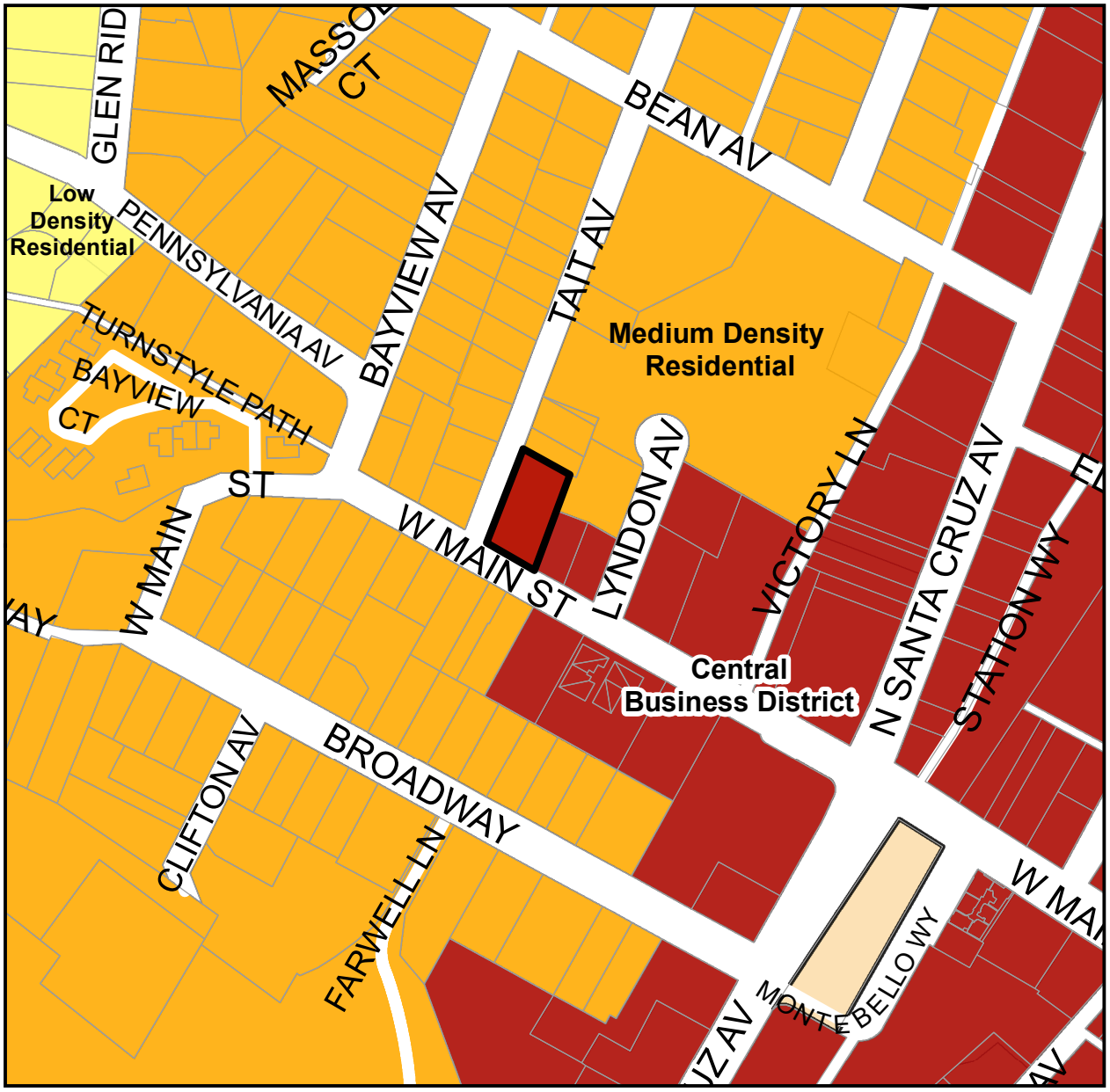


4 Tait Avenue
Proposed Zoning



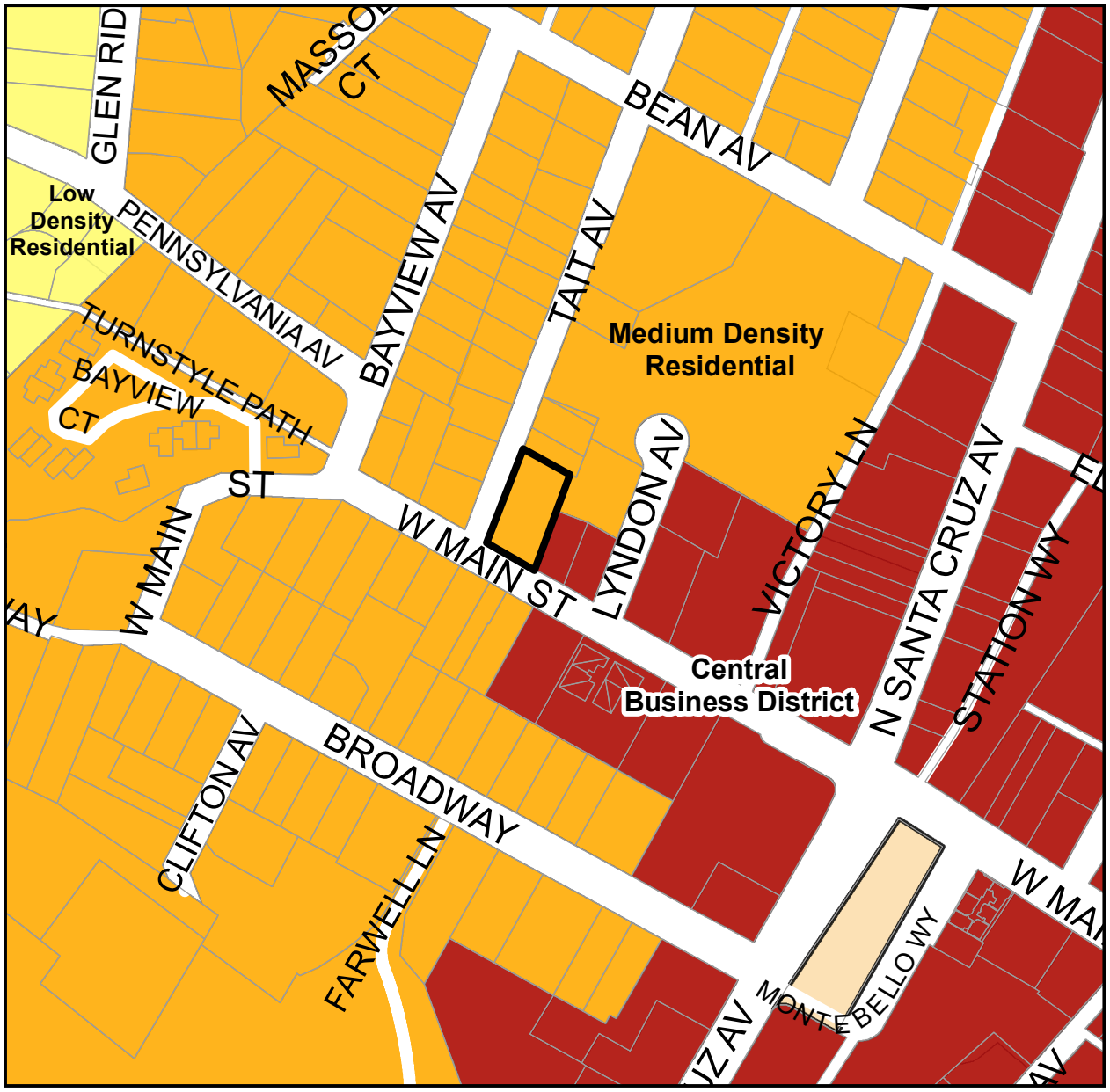
4 Tait Avenue

Existing General Plan Land Use Designation



4 Tait Avenue

Proposed General Plan Land Use Designation



TOWN COUNCIL – *January 20, 2026*
REQUIRED FINDINGS

4 Tait Avenue
Zone Change Application Z-25-002
General Plan Amendment Application GP-25-002

Consider a Recommendation by the Planning Commission to Approve a Zone Change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) and a General Plan Amendment to Change the Land Use Designation from Central Business District to Medium Density Residential, for Property Located at 4 Tait Avenue. APN: 510-44-054. Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3).

Property Owner/Applicant: Town of Los Gatos

FINDINGS:

Required finding for CEQA:

- That there is no possibility that this project will have a significant impact on the environment; therefore, the project is not subject to the California Environmental Quality Act, Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the Town Code and General Plan will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building.

Required consistency with the Town's General Plan:

- That the proposed Zone Change is consistent with the General Plan and its Elements in that the proposed zoning is consistent with the proposed General Plan Land Use designation.

- That the General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its corresponding Elements.

This Page Intentionally Left Blank

DRAFT ORDINANCE

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE ZONING CODE FROM C-2:LHP (CENTRAL BUSINESS DISTRICT WITH A LANDMARK AND HISTORIC PRESERVATION OVERLAY) TO R-1D:LHP (SINGLE-FAMILY RESIDENTIAL DOWNTOWN WITH A LANDMARK AND HISTORIC PRESERVATION OVERLAY) FOR PROPERTY LOCATED AT 4 TAIT AVENUE.

WHEREAS, the applicant requests approval to change the zoning from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) on property located at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054); and

WHEREAS, the Planning Commission recommended approval of the zone change at its regularly noticed public hearing on December 10, 2025, finding that the R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) zoning is consistent with the zoning of neighboring properties and consistent with the proposed use of the property; and

WHEREAS, this matter was regularly noticed in conformance with State and Town law and came before the Town Council for public hearing on January 20, 2026; and

WHEREAS, the Town Council accepted the report of the Planning Commission's recommendation of approval for the proposed General Plan amendment; and

WHEREAS, the Town Council considered all facts and information related to a request to change the zoning designation for the property at 4 Tait Avenue from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) as shown on Exhibit A.

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION I. Legislative Findings.

A. With regard to CEQA, there is no possibility that this project will have a significant impact on the environment; therefore, the project is not subject to the California Environmental Quality Act, Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the General Plan and Town Code will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building.

B. With regard to required consistency with the Town's General Plan, the zone change is consistent with the General Plan and its Elements, including but not limited to Goals LU-1, LU-6, CD-6, CD-10, CD-12, and CD-13, and Policies LU-1.4, LU-6.1, LU-6.3, LU-6.4, LU-6.5, CD-6.1, CD-10.1, CD-12.1, and CD-12.2.

SECTION I. Zone Change.

The Town Code of the Town of Los Gatos is hereby amended to change the zoning of the property at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054) as shown on the map attached hereto as Exhibit A, and is part of this Ordinance, from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay).

SECTION III. Severability.

In the event that a court of competent jurisdiction holds any Section, subsection, paragraph, sentence, clause, or phrase in this Ordinance unconstitutional, preempted, or otherwise invalid, the invalid portion shall be severed from this Ordinance and shall not affect the validity of the remaining portions of this Ordinance. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Ordinance irrespective of the fact that any one or more Sections, subsections, paragraphs,

sentences, clauses, or phrases in this Ordinance might be declared unconstitutional, preempted, or otherwise invalid.

SECTION IV. Publication.

In accordance with Section 36937 of the Government Code of the State of California, this Ordinance takes effect 30 days from the date of its passage. The Town Council hereby directs the Town Clerk to cause this Ordinance or a summary thereof to be published or posted in accordance with Section 36933 of the Government Code of the State of California.

SECTION V. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the 20th day of January 2026, and adopted by the Town Council of the Town of Los Gatos on the ____ day of _____ 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

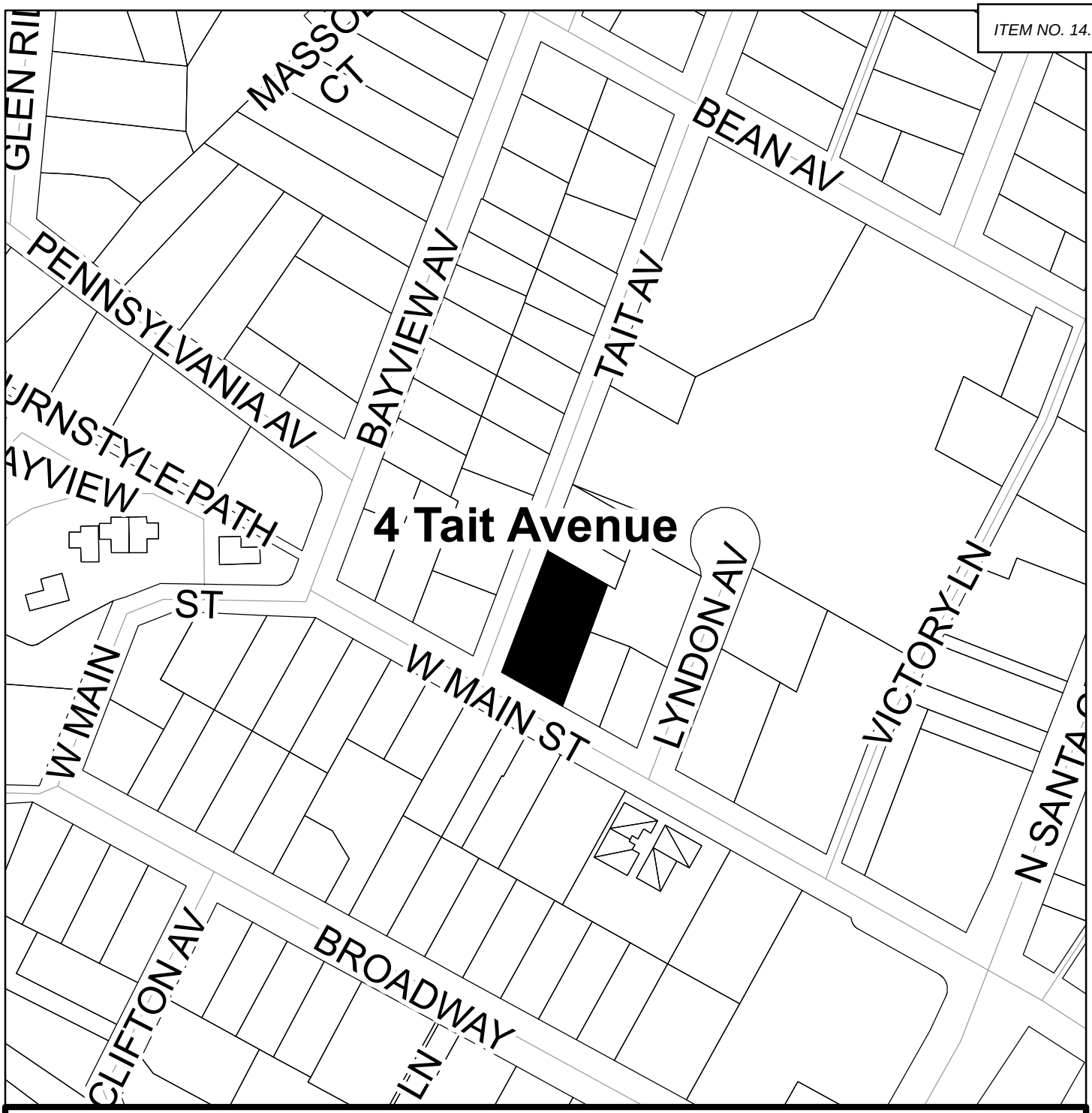
DATE: _____

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

This Page Intentionally Left Blank



TOWN OF LOS GATOS

Application No. Z-25-002 **A.P.N. #** 510-44-054

Change of zoning map amending the Town Zoning Ordinance.

☒ **Zone Change** **From: C-2:LHP** **To: R-1D:LHP**

☐ **Prezoning**

N

Forwarded by Planning Commission **Date: December 10, 2025**

Approved by Town Council **Date:** **Ord:**

Clerk Administrator **Mayor**

EXHIBIT A

This Page Intentionally Left Blank

Draft Resolution to be modified by Town Council deliberations and direction.

RESOLUTION 2026-

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE GENERAL PLAN LAND USE DESIGNATION FROM CENTRAL BUSINESS DISTRICT TO MEDIUM DENSITY RESIDENTIAL FOR PROPERTY AT 4 TAIT AVENUE.

WHEREAS, the applicant requests approval to change the General Plan Land Use designation from Central Business District to Medium Density Residential on property located at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054); and

WHEREAS, the Planning Commission recommended approval of the General Plan amendment at its regularly noticed public hearing on December 10, 2025, finding that the Medium Density Residential designation is consistent with the Land Use designations of neighboring properties and consistent with the proposed use of the property; and

WHEREAS, this matter was regularly noticed in conformance with State and Town law and came before the Town Council for public hearing on January 20, 2026; and

WHEREAS, the Town Council accepted the report of the Planning Commission's recommendation of approval for the proposed General Plan amendment; and

WHEREAS, the Town Council considered all facts and information related to a request to change the General Plan Land Use designation for the property at 4 Tait Avenue from Central Business District to Medium Density Residential as shown on Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, that the Town Council of the Town of Los Gatos does hereby declare, determine, and order that the following findings are made by the Town Council of the Town of Los Gatos:

1. The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the General Plan and Town Code will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building.

2. This amendment is in the public interest because it changes the Land Use designation to Medium Density Residential consistent with the proposed R-1D zoning and provides for multiple-family residential, duplex, and/or small single-family homes consistent with the surrounding parcels.

ATTACHMENT 4

3. The General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its corresponding Elements, including but not limited to: LU-1, LU-6, LU-1.4, LU-6.1, LU-6.3, LU-6.4, LU-6.5, CD-6, CD-10, CD-12, CD-13, CD-6.1, CD-10.1, CD-12.1, and CD-12.2.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that upon the effective date of the ordinance effecting the Zone Change, the Town Council of the Town of Los Gatos hereby changes the General Plan Land Use designation for property at 4 Tait Avenue as shown on Exhibit A, from Central Business District to Medium Density Residential.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 20th day of January, 2026, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

TOWN OF LOS GATOS

Application No. GP-25-002 **A.P.N. #** 510-44-054

Change of the general plan map amending the Town General Plan

From: Central Business District

To: Medium Density Residential

N

Forwarded by Planning Commission **Date: December 10, 2025**

Approved by Town Council **Date:** **Resolution:**

Clerk Administrator **Mayor**

EXHIBIT A

This Page Intentionally Left Blank

TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT

MEETING DATE: 12/10/2025

ITEM NO: 6

DATE: December 5, 2025

TO: Planning Commission

FROM: Joel Paulson, Community Development Director

SUBJECT: Consider a Request for Approval for a Zone Change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) and a General Plan Amendment to Change the Land Use Designation from Central Business District to Medium Density Residential, for Property **Located at 4 Tait Avenue**. APN: 510-44-054. Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3). Zone Change Application Z-25-002 and General Plan Amendment Application GP-25-002. Property Owner/Applicant: Town of Los Gatos. Project Planner: Sean Mullin.

RECOMMENDATION:

Consider a request for approval for a zone change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) and a General Plan Amendment to change the Land Use Designation from Central Business District to Medium Density Residential, for property located at 4 Tait Avenue.

PROJECT DATA:

General Plan Designation:	Central Business District
Zoning Designation:	C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay)
Applicable Plans & Standards:	General Plan, Town Code
Parcel Size:	0.27 Acres

PREPARED BY: Sean Mullin, AICP
Planning Manager

Reviewed by: Community Development Director and Town Attorney

Surrounding Area			
	Existing Land Use	**General Plan**	**Zoning**
North	Residential	Medium Density Residential	R-1D
East	Commercial	Medium Density Residential and Central Business District	R-1D and C-2
South	Residential	Medium Density Residential	R-1D:LHP
West	Residential	Medium Density Residential	R-1D

CEQA:

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the Town Code and General Plan will have a significant effect on the environment, because the project does not include any modification that would affect the historic significance of the building.

FINDINGS:

- As required, pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, there is no possibility that this project will have a significant impact on the environment; therefore, the project is not subject to the California Environmental Quality Act, Section 15061 (b)(3).
- As required by the General Plan, the proposed zone change is consistent with the General Plan and its Elements in that the proposed zoning is consistent with the proposed General Plan designation.
- As required by the General Plan, the General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its corresponding elements.

ACTION:

The Planning Commission will provide a recommendation to the Town Council who will render the final decision on the proposal.

BACKGROUND:

The subject parcel is owned by the Town and located at the northeast corner of Tait Avenue and West Main Street in the Broadway Historic District (Exhibit 1). The property is developed with an approximately 2,525-square foot primary building and an ancillary outbuilding originally constructed as a fire station and later used as a museum. The museum use was discontinued several years ago. The primary building and outbuilding are currently unoccupied.

On August 4, 2020, the Town Council authorized the Town Manager to execute a long-term lease agreement with Tait Firehouse LLC for the subject property. The agreement allowed the property to remain in Town control, maintained the historic value of the property, required no monetary resources from the Town, and provided a potential annual revenue stream to the Town.

On April 20, 2021, the Town Council introduced an ordinance to rezone the property from R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) to C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) and adopted a resolution approving a General Plan amendment to change the land use designation from Medium Density Residential to Central Business District (Exhibits 2 and 3). These changes were requested by the applicant at the time to allow the tenants of the building to lease the existing building for commercial uses. To date, a viable commercial tenant for the space has not been secured and the property remains unoccupied.

On January 21, 2025, the Council adopted a resolution declaring the property to be exempt surplus land pursuant to the Surplus Land Act [Government Code Section 54221(f)(1)(B)] and authorizing the Town Manager to pursue disposal of the property (Exhibit 4).

On October, 7, 2025, the Council approved an agreement for brokerage services for the disposition of the property.

Given the challenges experienced in trying to secure a viable commercial tenant for the property, the Town now seeks to return to the residential designation of the property by changing the zoning from C-2:LHP to R-1D:LHP, and a General Plan amendment to change the Land Use designation from Central Business District to Medium Density Residential.

PROJECT DESCRIPTION:

A. Location and Surrounding Neighborhood

The subject parcel is located at the northeast corner of Tait Avenue and West Main Street in the Broadway Historic District (Exhibit 1). The property is developed with an approximately 2,525-square foot primary building, constructed in 1927, originally built as a fire station and later used as a museum. An accessory building is located in the northeast corner of the property. The museum use was discontinued several years ago. The primary building and accessory building are currently unoccupied.

The subject parcel is surrounded by parcels with a Medium Density Residential General Plan Land Use designation and R-1D:LHP zoning designation to the north, south, and west (Exhibit 1). The parcel to the east has a Central Business District Land Use designation and C-2 zoning designation.

B. Project Summary

The Town seeks to return to the residential designation of the property by changing the zoning from C-2:LHP to R-1D:LHP and a General Plan amendment to change the Land Use designation from Central Business District to Medium Density Residential.

DISCUSSION:

A. Zoning

The Town is proposing a zone change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay). The proposed zoning would be consistent with the General Plan Land Use designation if the proposed General Plan amendment is approved. Permitted uses in the R-1D or multiple-family residential downtown zone include single- and two-family dwellings provided that there is not more than one principal residential structure on a lot, family daycare homes, and small-family residential care facilities. The subject parcel is bound by parcels with a R-1D zoning designation to the north and west (Exhibit 1). The parcel south has a R-1D:LHP zoning designation and the parcel to the east has a C-2 zoning designation

The proposed zone change would not affect the existing Landmark and Historic Preservation Overlay (LHP).

B. General Plan Land Use Designations

The Town is proposing a General Plan amendment to change the Land Use designation from Central Business District to Medium Density Residential. The Medium Density Residential designation (5 -12 dwelling units per acre) would be consistent with the proposed R-1D zoning and provides for multiple-family residential, duplex, and/or small single-family homes.

The subject parcel is bound by parcels with a Medium Density Residential designation to the north, south, and west. The parcel to the east has a Central Business District General Plan Land Use designation.

C. General Plan Goals/Policies/Strategies

Applicable General Plan goals and policies that should be used to evaluate the proposed General Plan amendment and zone change applications for this site include, but are not limited to:

Land Use Goals

- LU-1 To preserve, promote, and protect the existing small-town character and quality of life within Los Gatos.
- LU-6 To preserve and enhance the existing character and sense of place in residential neighborhoods.

Land Use Policies

- LU-1.4 Infill projects shall be designed in context with the neighborhood and surrounding zoning with respect to the existing scale and character of surrounding structures, and should blend rather than compete with the established character of the area.
- LU-6.1 Protect existing residential areas from the impacts of nonresidential development.
- LU-6.3 Protect existing residential areas from adjacent nonresidential uses by assuring that buffers are developed and maintained.
- LU-6.4 Prohibit uses that may lead to the deterioration of residential neighborhoods, or adversely impact the public safety or the residential character of a residential neighborhood.
- LU-6.5 The type, density, and intensity of new land use shall be consistent with that of the immediate neighborhood.

Community Design Goals

- CD-6 To promote and protect the physical and other distinctive qualities of residential neighborhoods.
- CD-10 To maintain the historic character of the Downtown.
- CD-12 To preserve significant historic and architectural features within the Town.
- CD-13 To support and encourage thoughtful rehabilitation or reuse of historic structures.

Community Design Policies

- CD-6.1 Reduce the visual impact of new construction and/or remodels on the Town and its neighborhoods.
- CD-10.1 Encourage the preservation, restoration, rehabilitation, reuse, and maintenance of existing buildings Downtown.
- CD-12.1 Avoid demolishing historic buildings, unless the Planning Commission finds, based on substantial evidence, that there is no feasible means to ensure the preservation of the structure.
- CD-12.2 Encourage the preservation, maintenance, and adaptive reuse of existing residential, commercial, or public buildings.

PUBLIC COMMENTS:

A project identification sign was installed on site consistent with Town policy and written notice was sent to property owners and occupants within 300 feet of the property. At the time of this report's preparation, the Town has not received any public comment.

ENVIRONMENTAL REVIEW:

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the Town Code and General Plan will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building.

CONCLUSION:

A. Summary

The Town seeks to return to the residential designation of the property by changing the zoning from C-2:LHP to R-1D:LHP and a General Plan Amendment to change the Land Use designation from Central Business District to Medium Density Residential. The proposed zone change and General Plan amendment would be consistent with the existing pattern of zones and land uses adjacent to downtown (Exhibit 1). Additionally, reuse of the existing historic structure is supported by the General Plan goals and policies.

B. Recommendation

Based on the analysis above, staff recommends that the Planning Commission consider the existing and proposed zoning and General Plan Land Use designation and forward a recommendation for approval of the amendments to the Town Council. If the Planning Commission finds merit with the proposed amendments, it should:

1. Make the required finding that there is no possibility that this project will have a significant impact on the environment; therefore, the project is not subject to the California Environmental Quality Act, Section 15061 (b)(3) (Exhibit 2);
2. Make the required finding that the proposed zone change is consistent with the General Plan and its Elements in that the proposed zoning is consistent with the proposed General Plan Land Use designation (Exhibit 2);
3. Make the required finding that the General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its Elements (Exhibit 2); and
4. Forward a recommendation of approval of Zone Change Application Z-25-002 General Plan Amendment Application GP-25-002 and to the Town Council.

C. Alternatives

Alternatively, the Planning Commission can:

1. Continue the matter to a date certain with specific direction;
2. Provide a recommendation for approval with modifications to the Town Council; or
3. Provide a recommendation for denial to the Town Council providing findings for denial.

EXHIBITS:

1. Location Maps (showing existing and proposed General Plan Land Use designations and Zoning)
2. Ordinance 2317
3. Resolution 2021-009
4. Resolution 2025-002
5. Draft Required Findings
6. Draft Ordinance for the Zone Change, with Exhibit A
7. Draft Resolution for the General Plan Amendment, with Exhibit A
8. Property Plans

This Page Intentionally Left Blank

4 Tait Avenue
Existing Zoning

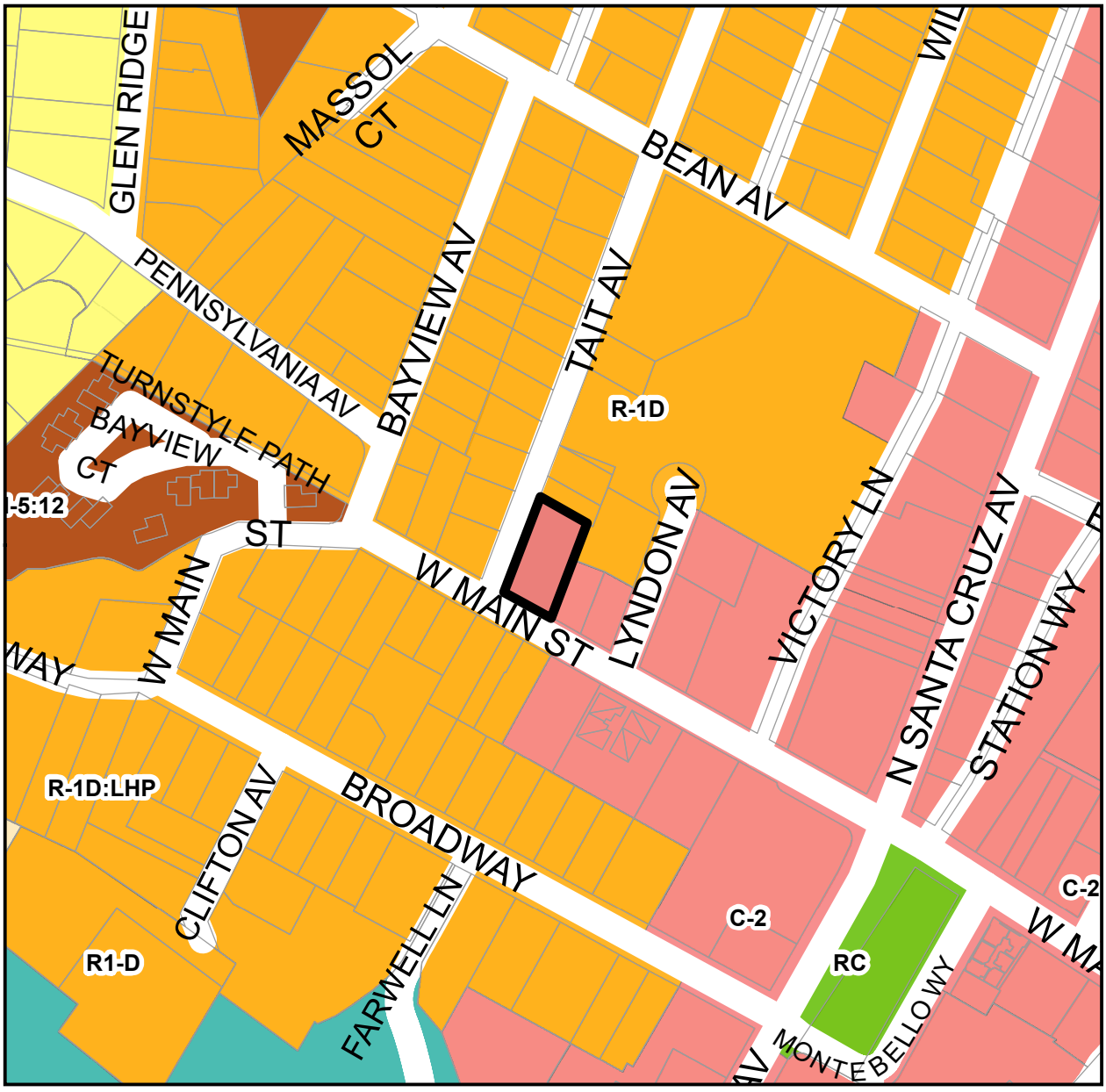
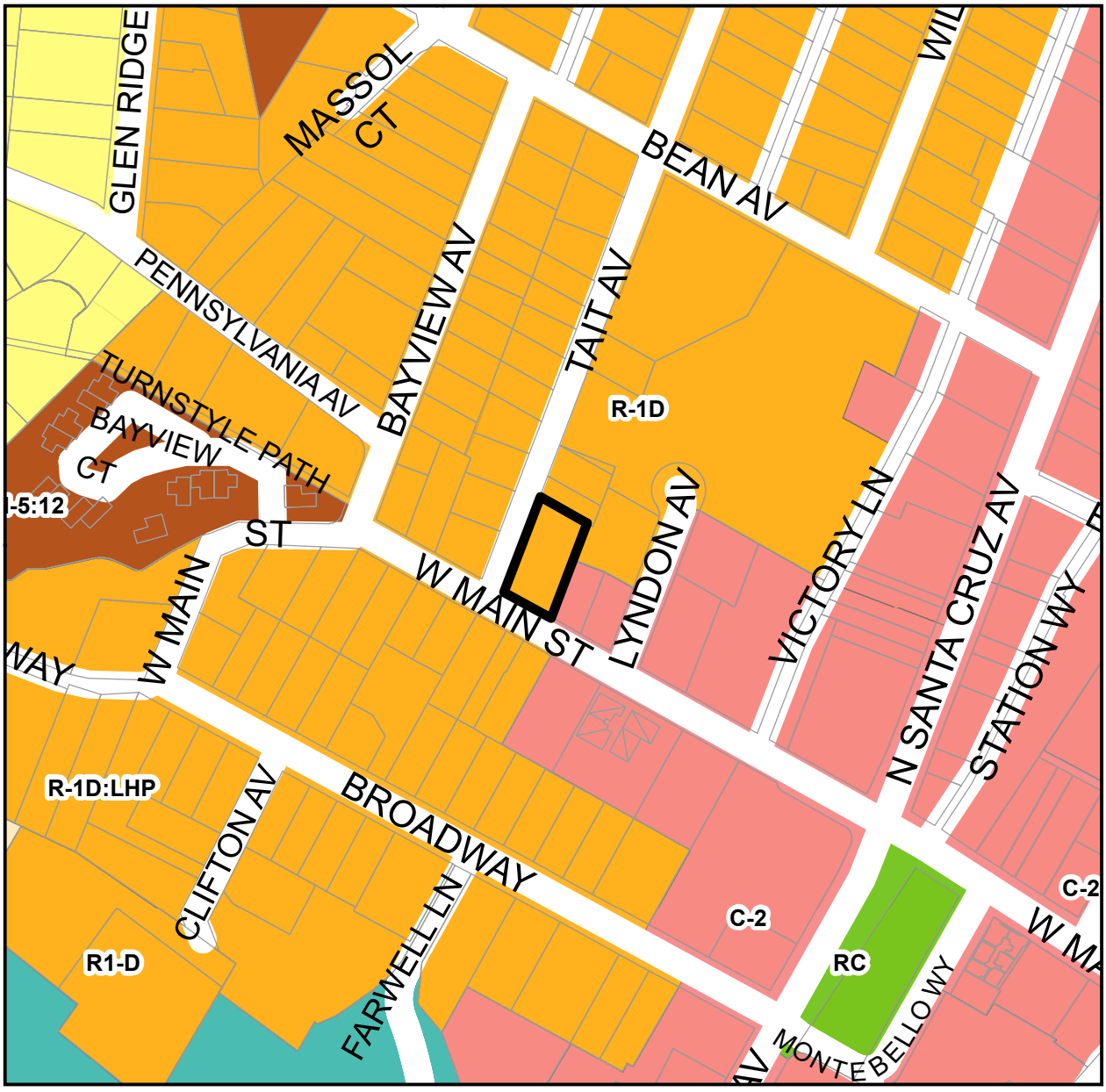


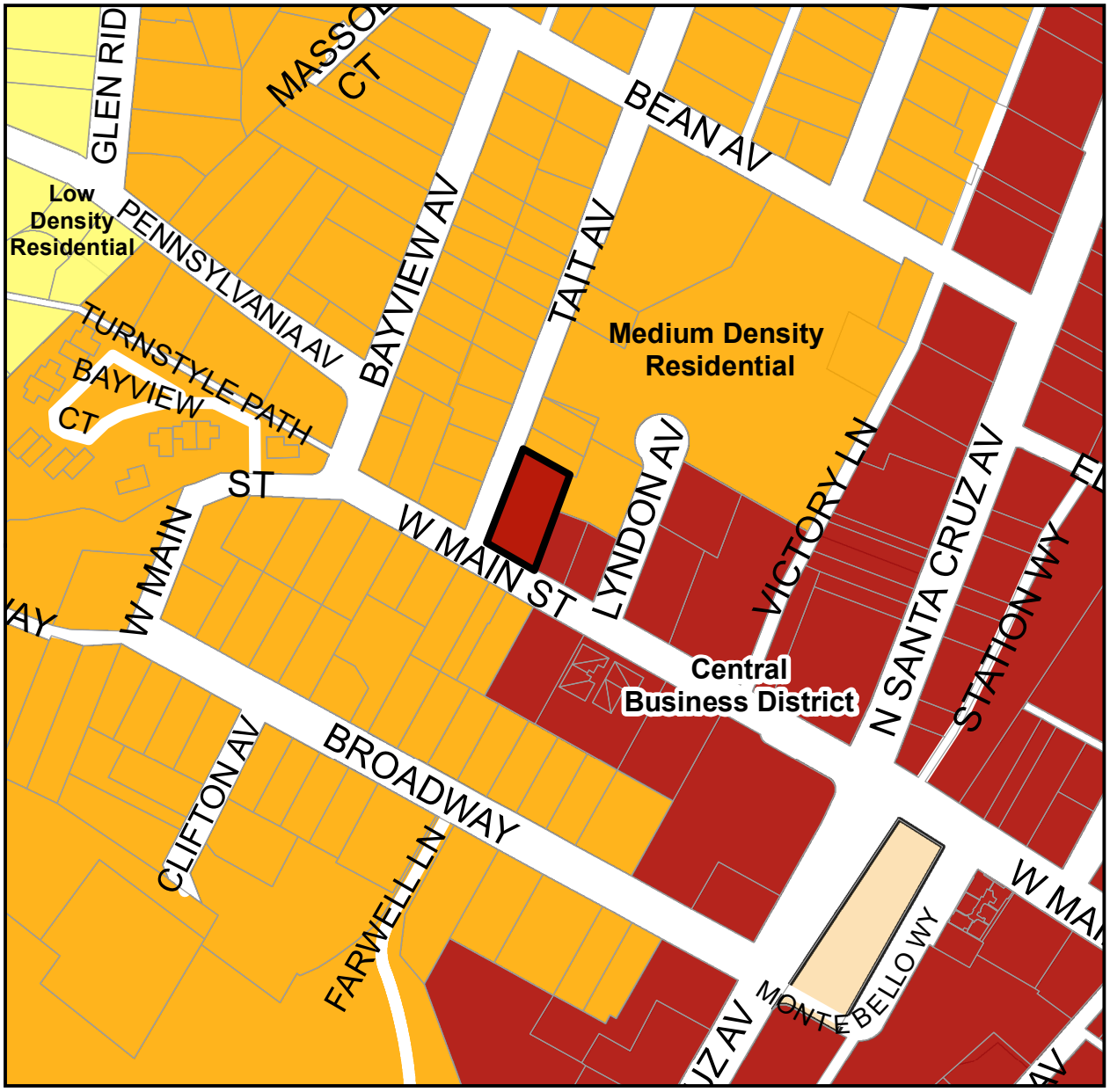
EXHIBIT 1

4 Tait Avenue
Proposed Zoning



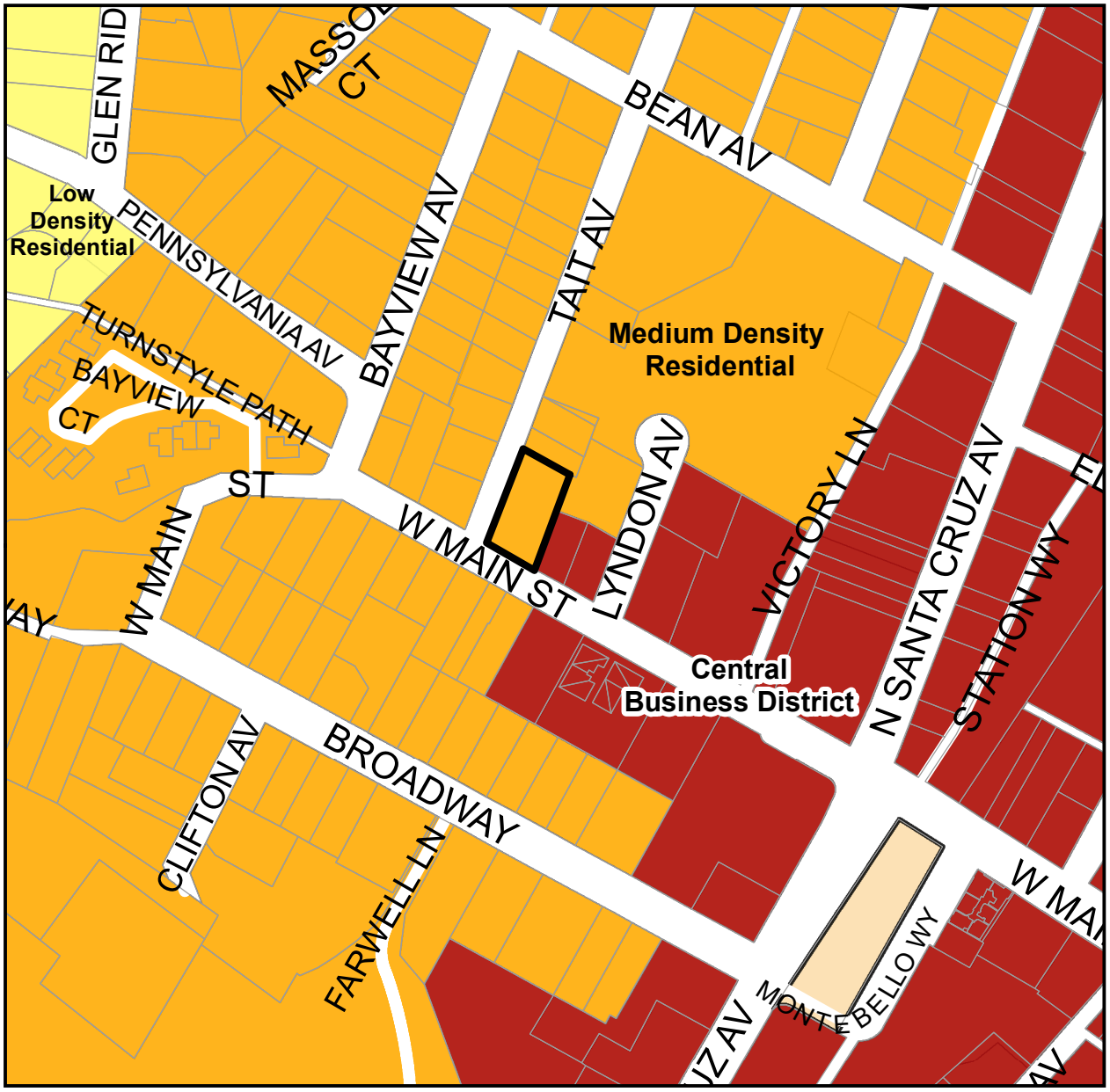
4 Tait Avenue

Existing General Plan Land Use Designation



4 Tait Avenue

Proposed General Plan Land Use Designation



ORDINANCE 2317

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE ZONING CODE FROM R-1D:LHP (SINGLE-FAMILY RESIDENTIAL DOWNTOWN WITH A LANDMARK AND HISTORIC PROPERTY OVERLAY) TO C-2:LHP (CENTRAL BUSINESS DISTRICT WITH A LANDMARK AND HISTORIC PROPERTY OVERLAY) FOR A PROPERTY LOCATED AT 4 TAIT AVENUE

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DO HEREBY ORDAIN AS FOLLOWS:

SECTION I

The Town Code of the Town of Los Gatos is hereby amended to change the zoning of the property at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054) as shown on the map attached hereto as Exhibit A, and is part of this Ordinance, from R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Property Overlay) to C-2:LHP (Central Business District with a Landmark and Historic Property Overlay).

SECTION II

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the 20th day of April 2021, and adopted by the following vote as an ordinance of the Town of Los Gatos at a regular meeting of the Town Council of the Town of Los Gatos on the 4th day of May 2021. This ordinance takes effect 30 days after it is adopted. In lieu of publication of the full text of the ordinance within fifteen (15) days after its passage a summary of the ordinance may be published at least five (5) days prior to and fifteen (15) days after adoption by the Town Council and a certified copy shall be posted in the office of the Town Clerk, pursuant to GC 36933(c)(1).

COUNCIL MEMBERS:
AYES: Mary Badame, Matthew Hudes, Rob Rennie, Mayor Marico Sayoc
NAYS: None
ABSENT: None
ABSTAIN: Maria Ristow

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA
DATE: 5/5/2021

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA
DATE: 5/6/2021

TOWN OF LOS GATOS

Application No. Z-20-002 **A.P.N. #** 510-44-054

Change of the zoning map amending the Town Zoning Ordinance.

☒ **Zone Change** **From: R-1D:LHP** **To: C-2:LHP**

☐ **Prezoning**

Forwarded by Planning Commission **Date:**

Approved by Town Council **Date:** **Ord:**

Clerk Administrator **Mayor**

EXHIBIT A

RESOLUTION 2021-009

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE GENERAL PLAN LAND USE DESIGNATION FROM MEDIUM DENSITY RESIDENTIAL TO CENTRAL BUSINESS DISTRICT FOR A PROPERTY AT 4 TAIT AVENUE

WHEREAS, the applicant requests approval to change the General Plan Land Use designation from Medium Density Residential to Central Business District on property located at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054); and

WHEREAS, the General Plan Committee at its meeting of January 13, 2021, recommended that the General Plan Land Use designation be changed from Medium Density Residential to Central Business District as that designation is consistent with the Land Use designations of neighboring properties and consistent with the proposed use of the property; and

WHEREAS, the Planning Commission recommended approval of the General Plan amendment at its regularly noticed public hearing on February 24, 2021; and

WHEREAS, this matter was regularly noticed in conformance with State and Town law and came before the Town Council for public hearing on April 20, 2021; and

WHEREAS, the Town Council accepted the report of the Planning Commission's recommendation of approval for the proposed General Plan amendment; and

WHEREAS, the Town Council finds as follows:

A. The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the General Plan and Town Code will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building; and
B. The General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its corresponding Elements; and
C. That all proceedings have been conducted in compliance with the provisions of Government Code Section 65350 et seq.; and

WHEREAS, the Town Council considered all facts and information related to a request to change the General Plan Land Use designation for the property at 4 Tait Avenue from Medium Density Residential to Central Business District as shown on Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, that the Town Council hereby changes the General Plan Land Use designation for property at 4 Tait Avenue as shown on Exhibit A, from Medium Density Residential to Central Business District.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 20th day of April, 2021, by the following vote:

COUNCIL MEMBERS:

AYES: Mary Badame, Matthew Hudes, Rob Rennie, Mayor Marico Sayoc

NAYS: None

ABSENT: None

RECUSED: Maria Ristow

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: 4/30/2021

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA
DATE: 5/3/2021

RESOLUTION 2025-002

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS, CALIFORNIA DECLARING CERTAIN TOWN-OWNED PROPERTY AT 4 TAIT AVENUE AS EXEMPT SURPLUS LAND PURSUANT TO SECTION 54221(f)(1)(B) OF THE STATE SURPLUS LAND ACT

WHEREAS, the Town of Los Gatos ("Town") owns that certain approximately 12,234 square foot (0.28 acre) real property located at 4 Tait Avenue, Los Gatos, designated as APN: 510-44-054 ("Property") which is improved with an approximately 2,525 square foot building ("Building") and ancillary outbuilding originally constructed as a fire station and later used as a museum; and

WHEREAS, the Town has caused an appraisal of the Property to be completed to establish its fair market value. The appraisal establishes that the Property's highest and best use is for residential purposes, and the fair market appraised value is between $2.9 and $3.06 Million, depending on whether the Property can be split into two lots; and

WHEREAS, the museum use was discontinued and the Building closed several years ago, and since that time the Property has been unoccupied and is no longer needed for Town's use; and

WHEREAS, the Town has determined it is in the Town's best interest to sell the Property, subject to a requirement that the Building's façade be preserved and maintained in a manner substantially consistent with its current condition and design; and

WHEREAS, the State Surplus Land Act, Government Code sections 54220 *et seq*. ("Act"), applies when a local agency disposes of land that is surplus and not necessary for the agency's use; and

WHEREAS, the Act requires local agencies to declare land as "surplus land" or "exempt surplus land" prior to disposition; and

WHEREAS, the Act identifies land that is less than one-half acre or 21,780 square feet and not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes as "Exempt Surplus Land" [Gov. Code Section 54221(f)(1)(B)]; and

WHEREAS, the Property is less than 21,780 square feet and not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes, exempting the transfer of the Property from the Act; and

WHEREAS, pursuant to the Surplus Land Act Guidelines issued by the California Department of Housing and Community Development ("HCD"), any determination by a local

agency that its lands are exempt from the Surplus Land Act must be provided to HCD for its review at least 30 days prior to disposition.

NOW THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS RESOLVES AS FOLLOWS:

Section 1. Recitals

The recitals above are hereby incorporated and adopted as the findings of the Town Council.

Section 2. California Environmental Quality Act (CEQA)

Adoption of this Resolution is exempt from the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA") pursuant to CEQA Guidelines section 15378, as it does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment.

Section 3. Declaration of Exempt Surplus Land

A. Based on the foregoing recitals, the public interest is for the Property to be offered for sale in accordance with applicable law.
B. The Town Council hereby declares that the Property is not necessary for the Town's use, and is exempt from the Act pursuant to California Government Code section 54221(f)(1)(B).
C. Pursuant to California Government Code section 54222.3, the Act shall not apply to the disposition of the Property.

Section 4. Actions; Authorizations

A. The Town Manager is authorized to undertake efforts to sell the Property to a purchaser at a sales price not less than the Property's fair market value, subject to a requirement that the purchaser and its successors and assigns commit to preserve and maintain the Building's façade in a manner substantially consistent with its current design and condition, and to present the Town Manager's recommendation to the Town Council for consideration.
B. The Town Clerk is hereby authorized and directed to submit a copy of this Resolution to HCD in accordance with the Surplus Land Act Guidelines.

Section 5. Effective Date

This Resolution will become effective immediately upon adoption.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 21st day of January 2025, by the following vote:

COUNCIL MEMBERS:

AYES:	Rob Rennie, Rob Moore, Mary Badame, Mayor Matthew Hudes
NAYS:	None
ABSENT:	None
ABSTAIN:	None
RECUSED:	Maria Ristow

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

This Page Intentionally Left Blank

PLANNING COMMISSION – *December 10, 2025*
REQUIRED FINDINGS

4 Tait Avenue
Zone Change Application Z-25-002
General Plan Amendment Application GP-25-002

Consider a Request for Approval for a Zone Change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) and a General Plan Amendment to Change the Land Use Designation from Central Business District to Medium Density Residential. APN: 510-44-054. Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3).

Property Owner/Applicant: Town of Los Gatos

FINDINGS:

Required finding for CEQA:

- That there is no possibility that this project will have a significant impact on the environment; therefore, the project is not subject to the California Environmental Quality Act, Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the Town Code and General Plan will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building.

Required consistency with the Town's General Plan:

- That the proposed Zone Change is consistent with the General Plan and its Elements in that the proposed zoning is consistent with the proposed General Plan Land Use designation.

- That the General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its corresponding Elements.

This Page Intentionally Left Blank

DRAFT ORDINANCE

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE ZONING CODE FROM C-2:LHP (CENTRAL BUSINESS DISTRICT WITH A LANDMARK AND HISTORIC PRESERVATION OVERLAY) TO R-1D:LHP (SINGLE-FAMILY RESIDENTIAL DOWNTOWN WITH A LANDMARK AND HISTORIC PRESERVATION OVERLAY) FOR PROPERTY LOCATED AT 4 TAIT AVENUE.

WHEREAS, the applicant requests approval to change the zoning from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) on property located at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054); and

WHEREAS, the Planning Commission recommended approval of the zone change at its regularly noticed public hearing on December 10, 2025, finding that the R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) zoning is consistent with the zoning of neighboring properties and consistent with the proposed use of the property; and

WHEREAS, this matter was regularly noticed in conformance with State and Town law and came before the Town Council for public hearing on _____, 2025; and

WHEREAS, the Town Council accepted the report of the Planning Commission's recommendation of approval for the proposed General Plan amendment; and

WHEREAS, the Town Council considered all facts and information related to a request to change the zoning designation for the property at 4 Tait Avenue from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) as shown on Exhibit A.

NOW, THEREFORE, THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION I. Legislative Findings.

A. With regard to CEQA, there is no possibility that this project will have a significant impact on the environment; therefore, the project is not subject to the California Environmental Quality Act, Section 15061 (b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the General Plan and Town Code will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building.

B. With regard to required consistency with the Town's General Plan, the zone change is consistent with the General Plan and its Elements, including but not limited to Goals LU-1, LU-6, CD-6, CD-10, CD-12, and CD-13, and Policies LU-1.4, LU-6.1, LU-6.3, LU-6.4, LU-6.5, CD-6.1, CD-10.1, CD-12.1, and CD-12.2.

SECTION I. Zone Change.

The Town Code of the Town of Los Gatos is hereby amended to change the zoning of the property at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054) as shown on the map attached hereto as Exhibit A, and is part of this Ordinance, from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay).

SECTION III. Severability.

In the event that a court of competent jurisdiction holds any Section, subsection, paragraph, sentence, clause, or phrase in this Ordinance unconstitutional, preempted, or otherwise invalid, the invalid portion shall be severed from this Ordinance and shall not affect the validity of the remaining portions of this Ordinance. The Town hereby declares that it would have adopted each Section, subsection, paragraph, sentence, clause, or phrase in this Ordinance irrespective of the fact that any one or more Sections, subsections, paragraphs,

sentences, clauses, or phrases in this Ordinance might be declared unconstitutional, preempted, or otherwise invalid.

SECTION IV. Publication.

In accordance with Section 36937 of the Government Code of the State of California, this Ordinance takes effect 30 days from the date of its passage. The Town Council hereby directs the Town Clerk to cause this Ordinance or a summary thereof to be published or posted in accordance with Section 36933 of the Government Code of the State of California.

SECTION V. Effective Date.

This Ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos on the ___ day of _____ 2025, and adopted by the Town Council of the Town of Los Gatos on the ____ day of _____ 2025, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

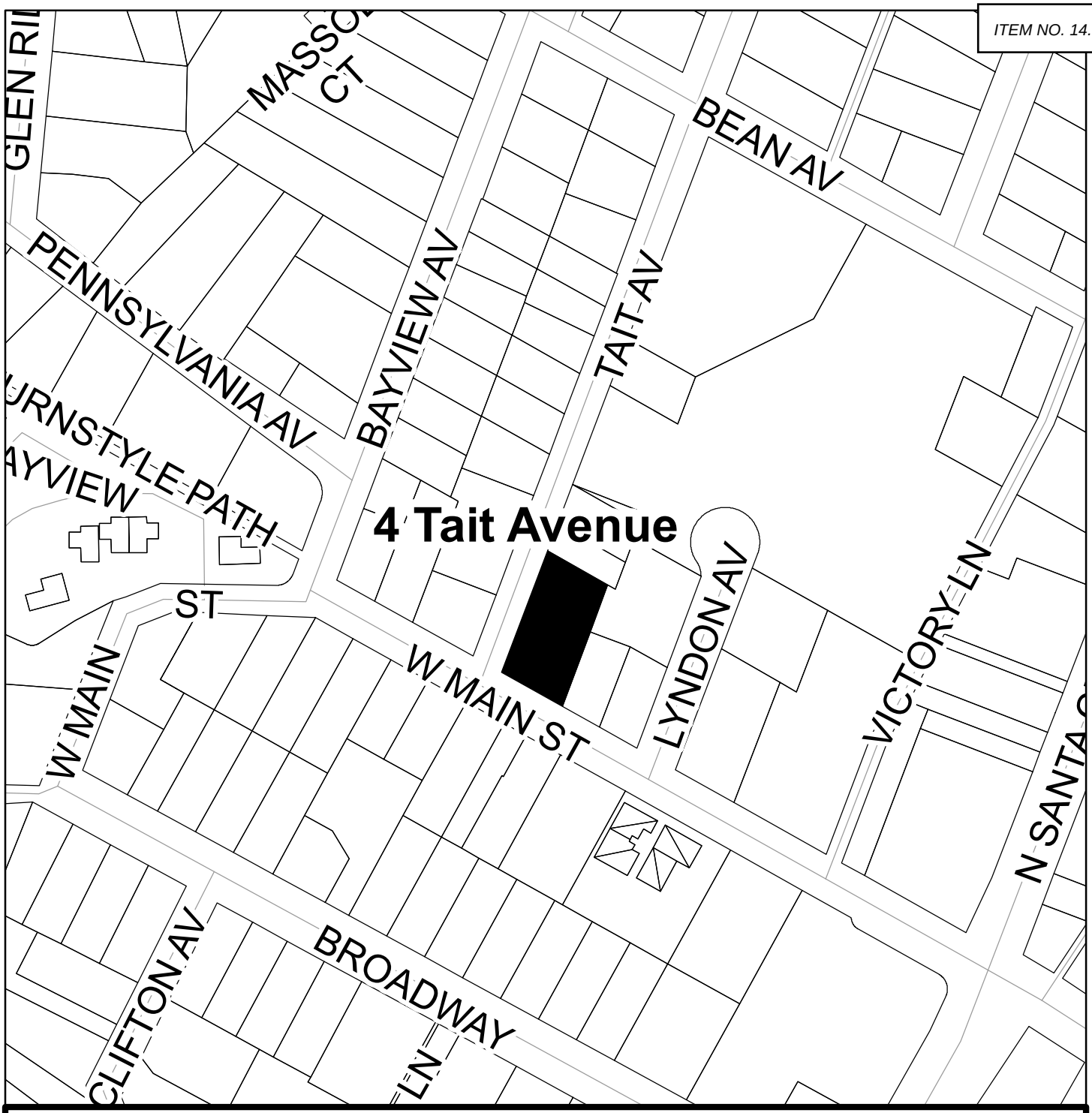
DATE: _____

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

This Page Intentionally Left Blank



TOWN OF LOS GATOS

Application No. Z-25-002 **A.P.N. #** 510-44-054

Change of zoning map amending the Town Zoning Ordinance.

☒ **Zone Change** **From: C-2:LHP** **To: R-1D:LHP**

☐ **Prezoning**

N

Forwarded by Planning Commission **Date:**

Approved by Town Council **Date:** **Ord:**

Clerk Administrator **Mayor**

EXHIBIT A

This Page Intentionally Left Blank

Draft Resolution to be modified by Town Council deliberations and direction.

RESOLUTION 2025-

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE GENERAL PLAN LAND USE DESIGNATION FROM CENTRAL BUSINESS DISTRICT TO MEDIUM DENSITY RESIDENTIAL FOR PROPERTY AT 4 TAIT AVENUE.

WHEREAS, the applicant requests approval to change the General Plan Land Use designation from Central Business District to Medium Density Residential on property located at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054); and

WHEREAS, the Planning Commission recommended approval of the General Plan amendment at its regularly noticed public hearing on December 10, 2025, finding that the Medium Density Residential designation is consistent with the land use designations of neighboring properties and consistent with the proposed use of the property; and

WHEREAS, this matter was regularly noticed in conformance with State and Town law and came before the Town Council for public hearing on _____, 2021; and

WHEREAS, the Town Council accepted the report of the Planning Commission's recommendation of approval for the proposed General Plan amendment; and

WHEREAS, the Town Council considered all facts and information related to a request to change the General Plan Land Use designation for the property at 4 Tait Avenue from Central Business District to Medium Density Residential as shown on Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, that the Town Council hereby changes the General Plan Land Use designation for property at 4 Tait Avenue as shown on Exhibit A, from Central Business District to Medium Density Residential.

Finding for the California Environmental Quality Act (CEQA):

1. The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the General Plan and Town Code will have a significant effect on the environment, because the

project does not include any modification that would affect the historical significance of the building.

Finding for Consistency with the Town's General Plan:

1. That the General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its corresponding Elements.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the ___th day of _____, 2025, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

TOWN OF LOS GATOS

Application No. GP-25-002 **A.P.N. #** 510-44-054

Change of the general plan map amending the Town General Plan

From: Central Business District

To: Medium Density Residential

N

Forwarded by Planning Commission **Date:**

Approved by Town Council **Date:** **Resolution:**

Clerk Administrator **Mayor**

EXHIBIT A

This Page Intentionally Left Blank

PROJECT DATA

4 TAIT AVE.
LOT AREA: 11,763 SQ.FT.
MAIN BUILDING: 2532 SQ.FT. (GROSS)
ACCESSORY STRUCTURE: 558 S.F. (GROSS)

ZONING: R1D
APN: 510 44 054

LEGEND

- EXISTING BUILDING OUTLINE
- EXISTING SITE FEATURES
- EXISTING PROPERTY/PLOT LINES
- PROJECT AREA

1 SITE PLAN AND NEIGHBOURHOOD PLAN

1/16"=1'-0" 0 1' 2' 4' 8'

NORTH

Cuschieri Horton Architects
20 South Santa Cruz Ave,
Los Gatos, California 95030
408.371.8200 Fx 408.371.8201

SITE PLAN

PENNANT PROPERTIES
4 TAIT AVENUE,
LOS GATOS, CA 95030

REVISIONS

NO.	ITEM	DATE

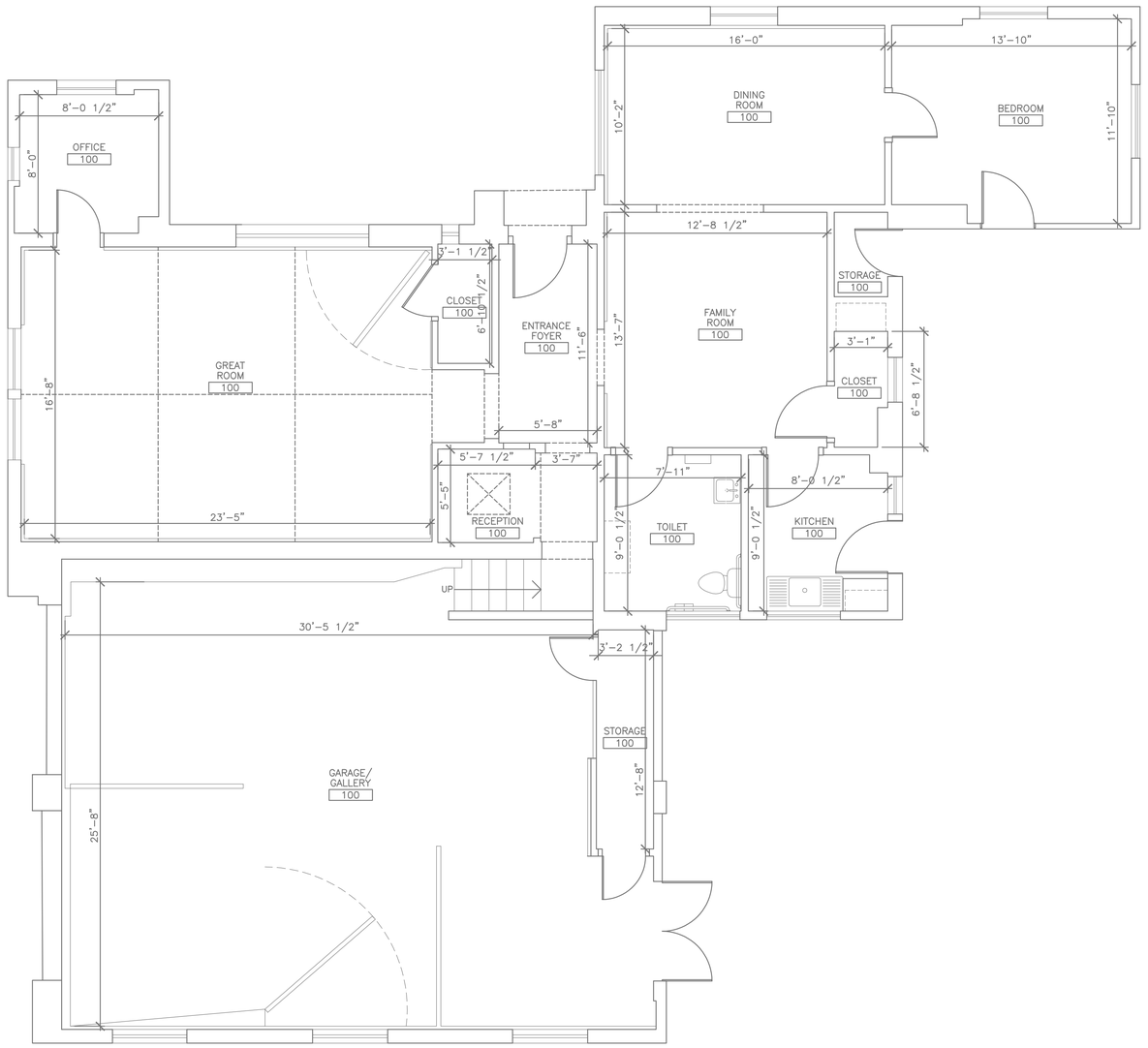
PERMIT #:

SUBMITTAL:

DRAWN BY: XX
CHECKED BY: XX
CHA JOB NO: 2007
DATE: 09/28/20

SHEET NO.
A0.1

EXHIBIT 8



LEGEND

- EXISTING WALL TO REMAIN
- EXISTING FURRED WALL
- EXISTING CEILING/ARCH ABOVE

1 EXISTING FLOOR PLAN

1/4"=1'-0" 0 1' 2' 4' 8'

NORTH

Cuschieri Horton Architects
20 South Santa Cruz Ave,
Los Gatos, California 95030
408.371.8200 Fx 408.371.8201

EXISTING FLOOR PLAN

PENNANT PROPERTIES
4 TAIT AVENUE,
LOS GATOS, CA 95030

REVISIONS

NO.	ITEM	DATE

PERMIT #:

SUBMITTAL:

DRAWN BY: XX
CHECKED BY: XX
CHA JOB NO: 2007
DATE: 09/28/20

SHEET NO.
A1.0

TOWN OF LOS GATOS
PLANNING COMMISSION
REPORT

MEETING DATE: 12/10/2025

ITEM NO: 6

ADDENDUM

DATE: December 9, 2025

TO: Planning Commission

FROM: Joel Paulson, Community Development Director

SUBJECT: Consider a Request for Approval for a Zone Change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay) and a General Plan Amendment to Change the Land Use Designation from Central Business District to Medium Density Residential, for Property **Located at 4 Tait Avenue**. APN: 510-44-054. Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061 (b)(3). Zone Change Application Z-25-002 and General Plan Amendment Application GP-25-002. Property Owner/Applicant: Town of Los Gatos. Project Planner: Sean Mullin.

REMARKS:

Exhibit 9 includes a revised draft resolution for the General Plan Amendment.

EXHIBITS:

Previously Received with the December 10, 2025, Staff Report:

1. Location Maps (showing existing and proposed General Plan Land Use designations and Zoning)
2. Ordinance 2317
3. Resolution 2021-009
4. Resolution 2025-002
5. Draft Required Findings
6. Draft Ordinance for the Zone Change, with Exhibit A

PREPARED BY: Sean Mullin, AICP
Planning Manager

Reviewed by: Community Development Director and Town Attorney

7. Draft Resolution for the General Plan Amendment, with Exhibit A
8. Property Plans

Received with this Addendum Report:

9. Revised Draft Resolution for the General Plan Amendment, with Exhibit A

Draft Resolution to be modified by Town Council deliberations and direction.

RESOLUTION 2025-

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS AMENDING THE GENERAL PLAN LAND USE DESIGNATION FROM CENTRAL BUSINESS DISTRICT TO MEDIUM DENSITY RESIDENTIAL FOR PROPERTY AT 4 TAIT AVENUE.

WHEREAS, the applicant requests approval to change the General Plan Land Use designation from Central Business District to Medium Density Residential on property located at 4 Tait Avenue (Santa Clara County Assessor Parcel Number 510-44-054); and

WHEREAS, the Planning Commission recommended approval of the General Plan amendment at its regularly noticed public hearing on December 10, 2025, finding that the Medium Density Residential designation is consistent with the land use designations of neighboring properties and consistent with the proposed use of the property; and

WHEREAS, this matter was regularly noticed in conformance with State and Town law and came before the Town Council for public hearing on _____, 2025; and

WHEREAS, the Town Council accepted the report of the Planning Commission's recommendation of approval for the proposed General Plan amendment; and

WHEREAS, the Town Council considered all facts and information related to a request to change the General Plan Land Use designation for the property at 4 Tait Avenue from Central Business District to Medium Density Residential as shown on Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, that the Town Council of the Town of Los Gatos does hereby declare, determine, and order that the following findings are made by the Town Council of the Town of Los Gatos:

1. The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the General Plan and Town Code will have a significant effect on the environment, because the project does not include any modification that would affect the historical significance of the building.

2. This amendment is in the public interest because it changes the Land Use designation to Medium Density Residential consistent with the proposed R-1D zoning and provides for multiple-family residential, duplex, and/or small single-family homes consistent with the surrounding parcels.

EXHIBIT 7

3. The General Plan amendment is internally consistent with the existing goals and policies of the General Plan and its corresponding Elements, including but not limited to: LU-1, LU-6, LU-1.4, LU-6.1, LU-6.3, LU-6.4, LU-6.5, CD-6, CD-10, CD-12, CD-13, CD-6.1, CD-10.1, CD-12.1, and CD-12.2.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that upon the effective date of the ordinance effecting the Zone Change, the Town Council of the Town of Los Gatos hereby changes the General Plan Land Use designation for property at 4 Tait Avenue as shown on Exhibit A, from Central Business District to Medium Density Residential.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the ___th day of _____, 2025, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

DATE: _____

TOWN OF LOS GATOS

Application No. GP-25-002 **A.P.N. #** 510-44-054

Change of the general plan map amending the Town General Plan

From: Central Business District

To: Medium Density Residential

N

Forwarded by Planning Commission **Date:**

Approved by Town Council **Date:** **Resolution:**

Clerk Administrator **Mayor**

EXHIBIT A

This Page Intentionally Left Blank

A P P E A R A N C E S:

Los Gatos Planning Commissioners:	Emily Thomas, Chair Kendra Burch, Vice Chair Jeffrey Barnett Susan Burnett Steve Raspe Joseph Sordi Rob Stump
Community Development Director:	Joel Paulson
Town Attorney:	Gabrielle Whelan
Transcribed by:	Vicki L. Blandin (619) 541-3405

P R O C E E D I N G S:

CHAIR THOMAS: We will now move on to Item 6, which is to consider a request for approval of a Zone Change from C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay), and General Plan Amendment to change the land use designation from Central Business District to Medium Density Residential for property located at 4 Tait Avenue. APN 510-44-054. Categorically exempt pursuant to the adopted guidelines for the implementation of the California Environmental Quality Act, Section 15061(b)(3). Zone Change Application Z-25-002, and General Plan Amendment Application GP-25-002. Property Owner and Applicant is the Town of Los Gatos.

Before the Staff Report, may I have a show of hands of Commissioners that have visited the property? Are there any disclosures?

Mr. Mullin, you will be providing the Staff Report this evening?

SEAN MULLIN: Yes. Good evening, Chair. Thank you.

The subject parcel is owned by the Town and located at the northeast corner of Tait Avenue and West Main Street in the Broadway Historic District. The property is developed with a primary and accessory building, originally constructed as a fire station and later used as a museum. The museum use was discontinued several years ago and both buildings are currently unoccupied.

The Town seeks to rezone the property from C-2:LHP to R-1D:LHP, and a General Plan Amendment to change the land use designation from Central Business District to Medium Density Residential. These changes would essentially revert to the previous Residential designation of the property, while continuing to maintain the Landmark and Historic Presentation Overlay on the property. The Staff Report describes how the proposed Zone Change and General Plan Amendment would be consistent with the General Plan and consistent with each other.

With that, Staff recommends that the Planning Commission forward a recommendation of approval as provided on page 6 of your Staff Report to the Town Council.

This concludes Staff's presentation. We are available to support your discussion.

CHAIR THOMAS: Okay, thank you. Are there any questions for Staff at this time? Commissioner Barnett.

COMMISSIONER BARNETT: Mr. Mullin, what is the proper action for the Planning Commission with respect to the draft ordinance? Is that something before us or not?

SEAN MULLIN: Tonight, the Planning Commission's role is to provide a recommendation to the Town Council, who would then consider both items at a future meeting.

COMMISSIONER BARNETT: Okay, thank you.

CHAIR THOMAS: Commissioner Burnett.

COMMISSIONER BURNETT: I just have a clarification here. When we're doing this General Plan Amendment and we're changing the wording from it being Medium Density to Single-Family Residential, like the R-1:D, it would still be R-1:D, but the wording has changed from Single-Family Residential to Medium Density, and there is quite a difference in the amount of housing, the description of what you can do with that property. That's why I'm concerned about why are we changing that wording?

SEAN MULLIN: I can clarify. There are two actions proposed with these applications. One is a rezone, and one is a General Plan Amendment.

The rezone, the request there is to change it from C-2, which is a Commercial designation, back to R-1D, which is Residential Downtown. The Residential Downtown designation, that zone I should say, allows for Single-

Family Residential and two-family dwellings, and if it's a two-family dwelling, it would need to be contained in a single building. So, the proposal from the zoning perspective is to change it back to a Single-Family Residential or two-family zone, which would match the surrounding neighborhood.

The second action, which is the General Plan Amendment, would change it from a Commercial designation to Medium Density Residential, and you are correct, and while the Medium Density Residential carries a density range of 5-12 dwelling units per acre, the lot is small enough that it would never achieve the 5-12, but also, and more importantly from a consistency with the neighborhood use standpoint, the catch valve is that the zoning limits the use of property to Single-Family Residential or two-family, so you would not get multi-family on that property based on the zoning and the Town rules.

DIRECTOR PAULSON: I'll just add also, this is what it was General Planned before we changed it to Commercial a few years ago, and the R-1D, the corresponding General Plan designation, is Medium Density Residential.

COMMISSIONER BURNETT: Okay.

CHAIR THOMAS: I have a follow-up to that. I just want to confirm that all the surrounding properties in that

area are also General Plan Medium Density Residential, correct?

SEAN MULLIN: Partially correct, yes. On one side it's Medium Density Residential, and the other side it's Commercial. This is right on the boundary, so either direction it goes it's consistent and it's not spot zoning or a spot designation.

COMMISSIONER BURNETT: Just a follow-up? So, the bottom line is that it wouldn't change what could be there? I mean, we're not looking at duplexes and triplexes.

SEAN MULLIN: What could be there under the proposed zone is a duplex, but a triplex, under the Town's rules, would not be allowed or anything, any more units than that in a multi-family configuration. One-family or two-family dwelling is what's allowed from a Residential perspective as a permitted use in that zone.

COMMISSIONER BURNETT: Okay, thank you.

CHAIR THOMAS: Are there any other questions for Staff at this time? We will now open the public portion of this public hearing on Item 6, and because the Town is the Applicant, we skip over that part and we will offer up comments from the public.

The first speaker card I have is for Steve McGrath. Mr. McGrath, if you could come up, state your name

for the record, and you can adjust the microphone accordingly, and then you will have three minutes to speak on this topic.

I do just want to tell everyone here in the audience that this is a public comment, and then we have the opportunity to ask you questions, and we can ask Staff follow-up questions, but it's not an exchange. So, express your questions, please, but just know that typically we do not respond and go back and forth.

STEVE McGRATH: My name is Steve McGrath. I am here with my son, Marcus, and represent my family. We live at 305 West Main Street, so we are directly across Main Street from the property.

I'm here to strongly support the zone change as proposed. I feel that the zoning would preserve the history of the neighborhood, which we feel is very, very important. There are so many areas of Los Gatos that are changing so quickly, we feel that this is a really positive influence to maintain the unique character of our town.

I think you made the comment that we're trying to match the surrounding neighborhood. We really feel strongly that this property should match the surrounding neighborhood. In particular, the Single-Family Residential is appropriate in this area due to the adjacency of the

nursery and elementary schools, so that's very important. Because it is surrounded on all sides, three sides certainly, by Residential, anything other than that would be a significant change to the character of this historic area.

Noise, traffic, and parking are already challenging in this area, and anything other than Single-Family Residential would certainly generate more noise, more traffic, and more parking issues. Thank you.

CHAIR THOMAS: Do we have any questions for the speaker? Thank you very much for your comments. The next card, I don't have a name at the top, but I think it's for Irina Graff. Thank you very much. If you speak together, then you will have three total minutes, whereas if you speak separately then you will have three minutes each.

ATTORNEY WHELAN: You can either choose to speak together for three, or separately for more.

CHAIR THOMAS: Will you state your name for the record, and whoever did not fill out a speaker card, whoever is not Irina, can you also fill out a speaker card? Thank you.

SERGEI GRAFF: Good evening, Commissioners. My name is Sergei Graff. This is my wife, Irina Graff. We are

Los Gatos residents. I'm also part of the St. Mary School community, and also the St. Mary parish community.

I am here to respectfully request the Commission to pause the zoning decision for 4 Tait Avenue so we can present our community-serving alternative.

Four Tait Avenue is not just a building, it was an art museum for many years, and right now we have a proposal and a plan for establishing an art museum for kids, that St. Mary's kids can attend, and also for Los Gatos kids and teenagers. It will be a place for art creativity, and we are proposing a (inaudible) and innovation center as a building, so it would fully preserve the architecture and design of this building. Also, it was an art museum before, and we will keep that in line.

I think it is a great opportunity and our community supported that, and they spoke with the principal of St. Mary School and the parish, Father Angelo for the St. Mary Church, and they fully supported the opportunity to collaborate with the art center, so they will collaborate and fully support that idea.

We are asking for maybe a 60- or 30-day pause on this proposal so we can create the full plan for funding and financial plan for that idea. We are asking to give the

community a chance to bring this art center back to life, and also create a museum and art center for kids.

Thank you very much for your time and considering this idea.

IRINA GRAFF: Also, we have a (inaudible) concept of this art space and combination between art innovation and technology, and we would like to serve our community with new technology from Netflix, Google, and (inaudible) and we have a representative from big tech company. People like to serve our kids and teens, to support them, and we have lot of representatives from our community who had cancer, and art therapy supports them.

SERGEI GRAFF: We also plan to do the art therapy for people who have illnesses.

CHAIR THOMAS: Thank you. Before you leave, are there any questions for the speakers? Vice Chair Burch.

VICE CHAIR BURCH: Just so I'm clear. You guys are putting together a proposal to purchase the property for like an art studio; sounds like an immersive experience.

SERGEI GRAFF: I think the best thing is so we will put (inaudible) this property and renting it.

IRINA GRAFF: For community purpose and for serving…

SERGEI GRAFF: Yes, as a nonprofit organization like (inaudible).

VICE CHAIR BURCH: Okay, thank you.

CHAIR THOMAS: Commissioner Barnett.

COMMISSIONER BARNETT: Did you have any communications with the real estate broker who has been trying to sell that property on behalf of the Town?

SERGEI GRAFF: No, we don't unfortunately. We just had this idea (inaudible) a long time ago.

IRINA GRAFF: If it is possible, we would like to send our concept presentation about this potential art center, and maybe is it possible to pause this kind of decision to deep dive into our proposal.

COMMISSIONER BARNETT: Thank you.

CHAIR THOMAS: Okay, thank you. Did you get your question answered? I think that we will get you in contact with Staff to discuss and disseminate the proposal.

I did also have a question for you. This space is designated an historic structure, and so that really limits some of the remodeling, use, existing use, all of the things, so in your proposal have you considered how this space being historic might impact the ability for it to be used?

IRINA GRAFF: Of course, yes.

SERGEI GRAFF: We're not planning to change anything outside, so inside we looked at the plans. I think it is absolutely fine to create that space for learning and art classes and everything, so we don't think the parking, because most of the parents are parked in St. Mary parking spots. Also, I think we can some café, so yes.

IRINA GRAFF: Community, yes.

SERGEI GRAFF: For community.

IRINA GRAFF: And we would like to propose after-school programs, so our children and kids don't need to drive and drop-off to this center, they just walk away from the school, and the pre-school also is near this building, and it will be very beneficial for all teenagers and kids of Los Gatos.

CHAIR THOMAS: Thank you. Are there any other questions for the speakers? Thank you very much. The next speaker card that I have is for Kat Battaglia.

KAT BATTAGLIA: My name is Kat Battaglia. My husband and I live on the other corner of West Main and Tait at 300 West Main Street, and we are also requesting and in support of hopefully reverting back to the original and historic zoning for the property for similar reasons as my neighbors.

The character of that property has seemed very residential, and appearance-wise it's never appeared to be a commercial style building, so the blend with the neighborhood, assuming that it's under Residential, seems to be a better fit, especially with all the little kids behind it. They share a long boundary line on the back side, and then of course on the other three sides of the property is all Residential. The frontage of the property faces Tait, which is all Residential.

There are a lot of challenges for parking in the area as it is. Tait is really difficult. There is one side that has a section in front where there is no parking. We see a lot of people just traffic-wise looking for parking anywhere. They tend to come around the corner and make a U-turn and go back; I think they're looking for parking.

It seems that if there was a commercial building or business there that that would just extremely exacerbate the problem for everyone with parking challenges, and it would change the entire flavor of the neighborhood. It's very much more Residential feeling after a certain time, particularly in the evening. I think that that would completely change.

I am also concerned that with those parking and traffic issues we'd get a lot of gridlocks in the area. I

just think that would be worse if there was any kind of Commercial business there. There is also concern for emergency response when we have these gridlocked areas. Residential is just calmer, and I think it keeps in the flavor of the area and that particular building.

CHAIR THOMAS: Thank you. Are there any questions for the speaker? Thank you. The next speaker card I have is for Mike Wasserman.

MIKE WASSERMAN: Good evening, everyone. It's always nice to be back here, and nice to see all of you all. I want to thank you all first for your community service. It's nice to see some new faces, it's nice to see some familiar faces.

I want to thank Staff for making the recommendation that they've made thus far. I'm going to repeat a couple of things that you've heard already, but I think what is before you tonight and endorsed by Staff is an appropriate recommendation on their part.

If you've all been out to the site—I liked seeing all the hands raised beforehand, thank you for doing that—to the north of the property is a Single-Family Residential home, to the west of the property is a Single-Family Residential home, to the south of the property are two Single-Family Residential homes, and for the record, I own

301 and I live at 303 West Main Street, so three out of four homes surrounding this piece of property are Single-Family Residential, and that's an important thing.

The front door, as was mentioned, the house faces Tait. Tait is a residential street. To throw a Commercial use out there is, in my opinion, not appropriate. It's residential; residential fits there. There is a salon and such to the east, and that's kind of the line that we in the neighborhood see where Commercial creep into the neighborhood stops and Residential continues from there.

Adjacent to this also is a nursery school. There is a traffic issue there. I would lobby for a stop sign as you're coming up Main Street or coming down Main Street right there at Tait, because people coming east on Main Street, coming down on Main Street, turn left onto Tait when people on Tait are trying to pull out. At my house, I hear horns every day.

The Single-Family Residential use is a lot less intense, or intensive, as far as parking or noise. Whether it's one home or a duplex, it's that parking can be off the street. Tait, at that area, because St. Mary is down there, is parking only on one side, not on both sides. If it's a Commercial use, where are they going to park? It has to be in front of homes. If it's a Single-Family, there's enough

space there for a Single-Family or a duplex there and off-street parking to be there. Noise would be less.

I can say I've lived on Tait, Broadway, and Main Street, and Saturday my family and I, including my granddaughter, were either in or participating in our 43rd consecutive Christmas parade, and I hope each of you were there. I know on Friday night I saw a lot of faces.

I will close by saying Single-Family with historic preservation is appropriate.

CHAIR THOMAS: Thank you. Are there any questions for the speaker at this time. No. Okay, thank you very much. The next speaker card I have is for Alexei Mollick (phonetic).

ALEXEI MOLLICK (phonetic): Good evening. It is an honor for me to have this moment to share my perspective with you. I understand it is pretty sensitive for the community, but I will speak as a human being that strongly believes in a long-term benefit of what will be the best usage of this space.

I do want to vote for changing the zoning, because we can always look up like for the high standards how to manage it, number one. Number two, the educational purposes and contributing to the community perspective of bringing in something as a value within the art purposes

will, in my opinion, definitely bring a more positive long-term effect from historical perspective, from today's standpoint, and as a town I think we will maintain a better historical preservation for Los Gatos as compared to transitioning to the Residential project. Thank you for your attention.

CHAIR THOMAS: Thank you. Are there any questions for the speaker? Commissioner Sordi.

COMMISSIONER SORDI: I just want to make sure I understand your point of view. I think you were saying you're supporting reverting back to the residential, correct?

ALEXEI MOLLICK: I'm sorry. No, that was wrong. I am supporting remaining the zoning.

COMMISSIONER SORDI: Remaining the Commercial.

ALEXEI MOLLICK: And I will add, my friends who are sitting in the first row, Irina and her husband, am totally in line with their proposition.

COMMISSIONER SORDI: I understand now. Thank you.

ALEXEI MOLLICK: You're welcome. Thank you. Any other questions?

CHAIR THOMAS: I don't think so. Thank you. The last speaker card that I have is for Natalia.

NATALIA: I am Natalia (inaudible), and I have three kids, and I went through cancer in 2017 and I'd be so happy that in this time… In 2017 I had such kind of center as family of Graff presented today, to leave my kids there, because I had full support from our community from Daves. They're driving my kids, and I have three kids, and helping with after school programs, but I'd be really happy as a psychologist, as an economist, and lawyer in (inaudible), so to have such kind of amazing center.

And actually, I'm doing AI for (inaudible) and I understand that we live different lives and a lot of changes happened, so we have to be kind of… It's great to have next generation (inaudible) here. They present it, and I think I'm really happy to have family of Graff here, because they organized amazing St. Mary's Carnival in autumn, and they're going to organize art festivals in spring, and it's great. Irina also is running our (inaudible) program in St. Mary's, and she does amazing marketing background, and her husband, he is amazing architecture and designer from (inaudible) School of Design, and I think it's great to allow them to organize such kind of center in Los Gatos.

Also, I am presented parents from (inaudible). My older son, he's graduated from Los Gatos High School and he

starts his (inaudible) there. And my daughter and my 14-year-old son, he is (inaudible), so I'm presenting (inaudible) family. They live in Los Gatos, and also they fully support this art immersive center here, also to have after school programs, and that will be great for the community, and especially because we are living mostly in the walking distance, and so it's not huge traffic for downtown, because we are just walking, and kids are walking here, and it will be amazing if you fully support their immersive art center for youth.

I think it's great also to preserve this spirit of the fire station we used to have, and to preserve it not as residential, but as (inaudible) art and here (inaudible) historical landmark. I really support Sergei, who is an architect. He will keep the beauty as it is.

CHAIR THOMAS: Thank you. Do we have any questions for the speaker? Thank you very much. I do not have any more speaker cards. Is there anyone else from the audience that would like to speak on this item? Are there any hands raised on Zoom?

DIRECTOR PAULSON: Yes, there are a couple of hands. The first to speak will be Susanne.

SUZANNE FIORE: My name is Suzanne Fiore. I live at 5 Tait Avenue; I am directly across the street from 4 Tait Avenue that is in question.

I will save time and not repeat everything that some of the other speakers that are in favor of returning to the initial zoning of Residential with Historic have mentioned. I am very strongly in favor of that for all the reasons that were mentioned, the ones that are really important to me.

Parking issues are very difficult with only side of the street, and the whole length of the curb on Tait to the corner to the driveway is non-parkable, as it should be because of safety issues.

Our street is quite narrow. If you aren't parked very tightly to the curb, people's mirrors have been clipped, and it's not a place to be adding a lot more traffic, for sure.

The concern that I had when it was changed to Commercial, and would still exist if it stays that way and has other uses than Residential, is noise. This is a quiet neighborhood. I know the school is nearby, the church is nearby, the nursery school is nearby, but on Tait specifically those things aren't existing; they are on the other side. As some of the other people said, that property

is three sides Residential and one side that backs up to Commercial and the nursery school.

And it suits the neighborhood. One person said the building style suits the Residential and historic nature of this neighborhood.

I am thrilled that this is being looked at, and I strongly support the Residential change. Thank you.

CHAIR THOMAS: Thank you. Are there any questions for the speaker? Are there more?

DIRECTOR PAULSON: The next speaker will be Lisa.

LISA MAMMEL: Hello, my name is Lisa Mammel. I'm at 33 Tait. I have lived on Tait Avenue for over 30 years. I am six houses from the building that is in question.

I strongly support reverting back to the Single-Family Residential District with Landmark Historic Preservation status. I echo some of the comments before, but I will just rejoin them by stating them.

I want to remind those here that the width of this block on the street is three cars wide. There is difficulty with ingress and egress of cars coming in and out of St. Mary, both as a church and as a school. I live across the street from their parking lot. The addition of something that would stay in business and/or amplified as a business would only add to this traffic issue.

At times I have had to park a block or two away. I only have room for my one car in my driveway, and I can't access my home. This happened way back when the museum had artist showings that would happen for the weekend, that we couldn't access our own housing.

You compound that with the summer beach traffic, and this is a jammed street. This last block here is gridlock. We have also worried about emergency vehicles, and indeed within that past six years there was an emergency vehicle that could not get through.

For the past few years there was an attempt to get a Commercial resident in this building, and it's gone somehow astray; I don't know the reasons for which. That said, it's gone into disrepair, not finding a Commercial resident to lease it.

We have an obvious housing shortage in Los Gatos; it has been mandated from the state, it has been reflected in our housing values and our marketing of our residential area. This is an opportunity to chip away at some of that housing question.

Finally, Tait Avenue is a proud community that hosts the Children's Parade. It hosts the bike race. It hosts Halloween. This is a community that comes together as neighbors and as ones who know each other and welcome

others, but it's a neighborhood, it is not a Commercial district, and therefore I strongly support reverting it back to the Single-Family Residential Downtown with Landmark Historic Preservation.

CHAIR THOMAS: Thank you. Are there any questions for the speaker? Are there any other hands raised on Zoom?

DIRECTOR PAULSON: There are no other hands raised.

CHAIR THOMAS: We will now close the public portion of the public comments on Item 6, and I invite Commissioners to ask Staff questions, and/or eventually proposed a motion. Commissioner Sordi.

COMMISSIONER SORDI: Just a question for Staff for clarification. I think one of the Commissioners asked earlier about whether or not the party interested in a Commercial use reached out to the broker, but do we know if anyone who is in the principal role in this real estate transaction, which is the Town, has been contacted as well? They're aware of that potential deal?

DIRECTOR PAULSON: I know that the Town has taken the action to make the surplus land for sale. We do have a broker, I believe it's through Cosmont (phonetic) is the brokers. They're preparing materials, but they have had inquiries from a number of folks interested in the property

that know that it will be sold, so I suggest that folks continue to look at that, but the Town's intent currently is to sell this property.

Even with the reversion to R-1D that the Town Attorney has looked up, you can do that type of use in this zone with a Conditional Use Permit, so should things change or should someone buy the property and work out an agreement with them, then that's still an opportunity.

COMMISSIONER SORDI: Thank you.

CHAIR THOMAS: Commissioner Barnett.

COMMISSIONER BARNETT: I'm concerned because there is legitimate interest in a possible—I wouldn't call it Commercial, but I would call it family-oriented—use of the property, but I'm concerned because there was no input to the Commission in advance of tonight and there is a request for a continuance from the public.

My thought is since we're only making a recommendation to the Council that the parties have an opportunity to speak to the Council about their concerns, or perhaps there will be a change with respect to the broker in the interim, but my thought would be to approve the application, and I can make a motion when appropriate.

CHAIR THOMAS: Okay, thank you.

DIRECTOR PAULSON: Through the Chair, just from a timing perspective, so the folks are aware. This process is the Planning Commission reviews this and they make a recommendation to the Council. It won't go to Council until their second meeting in January, because they will be cancelling their first one. Then it will have to go back for a second reading, which will probably be the first meeting in February, and if they take that action, then it doesn't go into effect until 30 days after that.

That's going to be clearly delineated in the marketing materials that the broker is putting together. This process is underway, but just so folks have an idea of this isn't going to be like next week where we've changed the zoning. It's got some additional process that it needs to go through.

CHAIR THOMAS: Thank you. Then another follow-up question to that. I remember when we voted to change this to the Commercial. That's when you know you've been on the Planning Commission long enough is when you're undoing your own changes. But in that time the Town has been trying to get this property leased, and every opportunity has fallen through, that's correct?

DIRECTOR PAULSON: A longer story than that, but generally the Town had an agreement with a master developer

who was actively pursuing Commercial opportunities. None of those ever came to fruition. If I recall correctly, I can't remember if we just withdrew it or if we let it lapse from a time period, and so that's when the Council started looking at other opportunities and landed on the sale of it and then reverting back to the Residential zoning designation and General Plan.

CHAIR THOMAS: Okay, thank you. With that clarification, I also agree that we should move this recommendation that Staff has given us with the findings on page 6, or In Considerations on page 6, that we need to make. It is on a border area, and so originally, and we do need housing, and it's currently sitting vacant, and there are things that have been happening to try to fill this space for a while, but I do think it is worth noting that the changes won't be made, as Director Paulson mentioned, for a while, and also that there is the possibility to present for a Conditional Use Permit of the space that would be other than Residential. I think in that case, as Commissioner Barnett noted, we would have more information for being able to make an informed decision about the best use of that space.

That being said, Commissioner Barnett, do you want to make a motion?

COMMISSIONER BARNETT: I do. I have the findings as Exhibit 5; I think you mentioned 6.

CHAIR THOMAS: Oh, I think maybe I wrote down the wrong… Maybe it was page 6 of the last Staff Report, but yes.

COMMISSIONER BARNETT: It's on page 51 of the Staff Report.

With respect to Item 5 on our calendar regarding 4 Tait Avenue, Zone Change Application Z-25-002, General Plan Amendment General Plan-25-002, I can make the finding that the property is categorically exempt from CEQA, and I can make all the findings in the Staff Report in Exhibit 5 on page 51 of the Staff Report, and my reasons were previously stated. Thank you.

ATTORNEY WHELAN: Just one thing to note for the record, it's Agenda Item 6, but that's it.

COMMISSIONER BARNETT: Oh, Agenda Item 6, yes.

CHAIR THOMAS: Vice Chair Burch.

VICE CHAIR BURCH: I was going to second the motion.

CHAIR THOMAS: Okay, thank you.

DIRECTOR PAULSON: Before we go forward, just so we can understand the maker and the seconder, the motion is to forward recommendation of approval of both the Zone

Change and General Plan Amendment as illustrated in the Staff Report, as well as the modified resolution in the addendum.

VICE CHAIR BURCH: Correct.

COMMISSIONER BARNETT: That is correct.

CHAIR THOMAS: Is there any discussion? Commissioner Burnett.

COMMISSIONER BURNETT: Thank you. I think this is a great use for this property to go back to Residential. I think it is a perfect place to have a residence there. My only concern was the General Plan Amendment, which was answered to my satisfaction.

I was a little confused speaking about the gallery. Is that what we're talking about with the Conditional Use Permit? So, it would be a business within the residence? That was confusing to me.

CHAIR THOMAS: Director Paulson.

DIRECTOR PAULSON: Thank you. The use that members of the public spoke about, even with the Zone Change that is a use that could be allowed through a Conditional Use Permit. That's not what is before you currently.

COMMISSIONER BURNETT: Thank you.

CHAIR THOMAS: Any other questions or discussion? Then I will call the question. All those in favor, please raise your hand. The motion passes unanimously, and because this is a recommendation, there are no appeal rights.

DIRECTOR PAULSON: That's correct.

CHAIR THOMAS: But it will be seen by Council sometime in January or February.

DIRECTOR PAULSON: Correct.

CHAIR THOMAS: Okay, thank you.

(END)

From: Nora C
Sent: Tuesday, January 13, 2026 8:16 PM
To: Council <Council@losgatosca.gov>; Planning <Planning@losgatosca.gov>
Cc: Rob Moore <RMoore@losgatosca.gov>; Maria Ristow <MRistow@losgatosca.gov>; Mary Badame <MBadame@losgatosca.gov>; Rob Rennie <RRennie@losgatosca.gov>; Matthew Hudes <MHudes@losgatosca.gov>
Subject: Opposition to proposed commercial zoning at 4 Tait Ave

[EXTERNAL SENDER]
To whom it may concern,

Please print and pass this email to all members of city council in advance of next week's meeting, thank you!
My apologies that I can't attend the meeting.
Hence my below comments:

I have owned [redacted] W Main St Los Gatos since November 2015 and I have enjoyed living there since December 2016. I'm writing to formally share my concerns regarding the current City Council proposal to convert 4 Tate Ave into a commercial property.

I strongly oppose any change that would make this property commercial. Our neighborhood is a small, residential community and introducing a commercial use would have a detrimental impact. Parking in the area is already extremely limited and traffic congestion is a persistent issue - particularly on Tate and Main Street when there is an accident on Hwy 17 or when drivers use Tate as a shortcut to access the freeway. These situations already create significant challenges for residents.

Adding a commercial business would only exacerbate these problems and place an unreasonable burden on our neighborhood. If the property is to be redeveloped, maintaining it as a residential property would be far more appropriate and consistent with the character of our community.

I respectfully urge the City Council to reconsider this proposal and vote NO on any plan to covert 4 Tate Ave into a commercial property.
Preserving the residential nature of this area is essential to protecting the quality of life and integrity of our neighborhood.

Thank you for your time and consideration.

Sincerely,
Nora

Nora Comee

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 15

DATE: January 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt the Revised Town Agenda Format and Rules Policy 2-01**

RECOMMENDATION: Adopt the revised Town Agenda Format and Rules Policy 2-01

FISCAL IMPACT:

There is no fiscal impact associated with this action.

STRATEGIC PRIORITY:

This item is not associated with a strategic priority. However, it does align with the Town's core goal of good governance and civic engagement.

BACKGROUND:

This item was continued from the December 16, 2025, Town Council Meeting due to the late hour of the meeting.

Policy 2-01, Town Agenda Format and Rules, establishes procedures for preparing agendas and conducting meetings of the Town Council and all Town boards, commissions, and committees. Over the past year, staff and the Council Policy Committee have undertaken a comprehensive review to improve clarity, transparency, and consistency.

The first set of proposed revisions was discussed on November 26, 2024. Staff presented updates related to public communication to remove redundancy, agenda preparation to help establish a transparent and inclusive process for Council Members to propose future agenda items, and the conduct of meetings to adopt Rosenberg's Rules of Order. The Committee

PREPARED BY: Wendy Wood
Town Clerk

Reviewed by: Town Manager and Town Attorney

requested further examination of several issues, including the use of Rosenberg's Rules of Order and the timing for Council Members to ask clarifying questions after public comment.

On January 29, 2025, staff returned with a more comprehensive set of revisions that addressed the order of the agenda, procedures for verbal communication and written materials, Council Matters, and processes for requesting future agenda items, adjournment procedures, agenda preparation responsibilities, conduct of meetings, remote attendance requirements, behavior expectations, and procedures for managing disruptive behavior. During this meeting, the Committee requested additional analysis regarding the Mayor's role in agenda setting, the ability of a minority of Council Members to raise issues for Council consideration, and practices used in other jurisdictions. The Committee asked that further review occur after the Cities Association meeting, so that additional information could be obtained on how other jurisdictions address the Mayor's role in agenda setting and how a minority of Council Members might raise issues for Council consideration.

On September 23, 2025, staff brought the item back for additional Committee consideration. The Committee discussed the proposed revisions and requested further clarification on whether separate policies should be established for the Town Council and other Town bodies, how the Mayor's authority to place items on an agenda differs from the process for items requiring significant staff work, and what legal requirements apply when addressing disruptive behavior during public meetings. The Committee also requested a categorized breakdown of all proposed changes.

On October 28, 2025, the Committee considered alternative policy language proposed by the Mayor in addition to the staff draft. Following discussion, the Committee agreed that the Mayor's final authority to approve the Council agenda should be retained, except for items that would require significant staff work or have substantial administrative, operational, financial, or compliance impacts. The Committee supported granting the Town Manager discretion to determine when staff effort would be significant and to adjust agenda scheduling accordingly. The Committee also directed staff to add an agenda preparation process and schedule for Town boards, commissions, and committees, and to incorporate modified procedures related to Rosenberg's Rules of Order, including the opportunity for Council Members to ask clarifying questions after public comment and a revised process for reconsideration. Staff was directed to return with a revised draft incorporating these changes.

Staff incorporated the October 28 Committee direction into a new draft and presented it to the Policy Committee on December 8, 2025. The draft policy included revisions to the agenda order, procedures for public comment under verbal communication and public hearings, updated expectations for the timely submission of written materials by applicants and appellants, and clarification on the process for a Council Member to request an item for future Council discussion, allowing the Town Manager to determine whether staff work associated with an item would be significant and require three or more members of the Council to vote to

place an item on a future agenda for action. The Mayor's agenda-setting authority remained with added language to authorize the Town Manager to adjust agenda order or scheduling of an item to mitigate any operational, financial, or compliance impacts. New sections were also added to define procedures and timelines for preparing agendas and materials for Town boards, commissions, and committees, distinguishing these processes from those used by the Town Council.

The Conduct of Meetings section was also revised to incorporate Rosenberg's Rules of Order with modifications, including allowing Council Members to ask clarifying questions after public comment. The Reconsideration of a Prior Action section was updated to allow a motion to reconsider a prior action no later than the next regularly scheduled meeting. Finally, minor modifications were made to the proposed language related to behavior expectations and disruptive behavior.

DISCUSSION:

At the December 8 Policy Committee meeting, the Committee reviewed the revised draft Policy 2-01 and provided additional direction for further modification. The Committee requested that the Presentations section be updated to require that visual presentations be submitted to staff at least 24 hours in advance of the meeting unless otherwise authorized by the Mayor. The Committee also directed that the Council Matters section be revised to clarify that "brief announcements" should be related to activities performed on behalf of the Town or its residents, and that personal business and political campaign activities should not be reported under Council Matters. Additionally, the Committee requested that Council Members' reports during Council Matters be limited to three minutes each.

The Committee also provided additional direction regarding the Preparation of the Town Council Agenda section. Specifically, the Committee directed staff to remove the second paragraph and delete the first three sentences of the third paragraph because the process for Council Members to request an item for discussion is now addressed in the Council Matters section. For consistency, the Committee also requested relocating the remaining sentences of the third paragraph to the Council Matters section. These changes, along with all other Committee direction from the December 8 meeting, have been incorporated into the redline policy presented for Council consideration.

CONCLUSION:

Staff requests that the Town Council review the proposed edits to Policy 2-01, provide any revisions, and adopt the revised policy.

COORDINATION:

This report was prepared in coordination with the Town Attorney and the Town Manager's

Office.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Draft Town Agenda Format and Rules Policy (redline)
2. Draft Town Agenda Format and Rules Policy (clean) with Exhibit A - Modified Rosenberg's Rules of Order

TOWN OF LOS GATOS CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service *Community Stewardship* *Future Focus*

TITLE: Town Agenda Format and Rules	**POLICY NUMBER**: 2-01
EFFECTIVE DATE: 12/15/1986	**PAGES:** 7
ENABLING ACTIONS: 1986-183; 1987-024; 1988-124; 1993-181; 1994-057; 1996-108; 2001-077; 2004-033; 2009-002; 2021-047	**REVISED DATES:** 12/15/1986; 3/2/1987; 6/6/1988; 6/15/1992; 12/6/1993; 4/4/1994; 8/5/1996; 7/2/2001; 4/5/2004; 1/20/2009; 3/16/2009; 12/6/2010; 8/5/2013; 3/3/2015; 9/20/2016; 6/20/2017; 8/1/2017; 12/4/18/; 8/20/19; 12/3/19; 6/1/2021; 11/2/2021; 9/20/22; 2/7/2023; 11/21/2023; 8/6/2024; 12/11/2025
APPROVED:	

PURPOSE

To establish procedures which standardize Town agendas and ensure an orderly meeting. This Policy applies to Town Council and all Town Boards, Commissions, and Committees, and references to Mayor will apply to Boards, Commissions, and Committees Chairpersons as set forth in this Policy.

POLICY

The following policies have been established:

A. Order of the Agenda

Subject to the Mayor's discretion to change the order of consideration of any agenda item during any individual meeting:

Call Meeting to Order
Roll Call
Pledge of Allegiance
Presentations
Consent Calendar
Verbal Communications
Public Hearings
Other Business
Council Matters
Manager Matters
Attorney Matters and Closed Session Report

Adjournment (No later than midnight without vote.)

B. Closed Session Report

As required by the Brown Act, the Town Attorney will report on actions taken at the Closed Session, but without reporting any information which could damage the Town's position on a) potential or existing litigation, b) the acquisition or disposition of property, or c) any employee's privacy interests. In addition, the Closed Session agenda shall clearly identify the subject of each agenda item consistent with the requirements of the *Brown Act.*

C. Communications by Members of the Public

Speakers at public meetings will be asked to provide their full name and to state whether they are a resident of the Town of Los Gatos. This information is optional but not required.

1. *Verbal Communications.* Comments by members of the public during the initial Verbal Communications portion of the agenda on items not on the Council agenda shall be limited to 30 minutes and no more than three (3) minutes per speaker, or at the discretion of the Mayor. Town resources may not be used to facilitate audio or visual presentations. Individuals addressing the Town Council under Verbal Communications may submit written materials and must provide at least one (1) copy for inclusion in the administrative record. As an item not listed on the agenda, no response is required from Town staff or the Council and no action can be taken. However, the Council may instruct the Town Manager to place the item on a future agenda. At the conclusion of the first Verbal Communications, the agenda will proceed onto the Public Hearings and Other Business sections of the agenda. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications section can be opened prior to Adjournment.

2. *Public Hearings.* Presentations during the Public Hearings portion of the agenda by appellants and applicants, including any expert or consultant assisting with the presentation, shall be limited to a total of no more than five (5) minutes for all speakers. Appellants and applicants shall be provided no more than three (3) minutes to rebut at the end of the public hearing. Visual presentations that require the use of staff resources shall be limited to appellants and applicants. Other members of the public testifying at public hearings shall be limited to no more than three (3) minutes and may submit written materials, provided that one (1) copy is submitted for inclusion in the administrative record.

3. *Submittal of written materials by Applicant and Appellant*. To allow Town Council, Boards, Commissions, Committees, Town Staff, and the public the opportunity to review material in advance of a hearing, all materials should be submitted by the Applicant or Appellant to the designated staff member prior to the publishing of the report for the scheduled public hearing. Documents and materials received from the Applicant or Appellant after the publishing of the report will be accepted; however, the Town Staff and the Town Council may not be able to analyze the late submissions based on the time provided by the submitter for such material to be reviewed.

4. Other Agenda Items. Comments by members of the public concerning any other item on an agenda shall be limited to no more than three (3) minutes per item.

5. *Mayor's Discretion.* All time limits noted above shall be subject to change at the Mayor's discretion.

D. Consent Calendar

Items on the Council agenda that are considered to be of a routine and non-controversial nature are placed on the Consent Calendar. Typical items include meeting minutes, final reading and adoption of ordinances, resolutions approving agreements, awards of contracts, status staff reports, etc.

Consent items shall be approved by a single Council motion unless a member of the Council requests that an item be removed for separate Council action. Members of the public may speak on an item on the Consent Calendar during the public comment portion before the Council votes on the Consent Calendar. Items removed from the Consent Calendar may be considered at that meeting at the Mayor's discretion.

E. Presentations

The Presentations portion of the agenda is intended to allow organized groups to make formal presentations to the Council and to recognize and honor deserving individuals and organizations. All matters included on the Presentations portion of the agenda require the prior approval of the Mayor and shall be limited to no more than ten (10) minutes, unless the Mayor grants additional time. Visual presentations must be submitted to the staff 24 hours in advance of the meeting unless otherwise authorized by the Mayor.

F. Council Matters

Members of Council may report on the activities of the committees to which they belong or the meetings they attend, question staff briefly on matters upon which the Council has taken action or given direction, make brief announcements related to activities that a Council Member performs on behalf of the Town or its residents, or discuss whether to place particular items on future agendas for action by the Council. Personal business and personal political campaign activities are not Council Matters. Council Members' reports are limited to three minutes each. Public comment on any Council Matter will be provided during Verbal Communications section of the agenda.

During the Council Matters portion of the meeting, any Council Member may request that an item be placed on a future agenda for Council discussion. If a second Councilmember supports the request or if such request is solely made by the Mayor, the item will be scheduled on the next agenda under Council Matters for discussion purposes only.

If the item requires significant staff effort as determined by the Town Manager, then three or more members of the Council must vote in favor of placing an item on a future agenda for action. If more information is needed, the Council can continue the item to allow staff to obtain the required information, with approval by a majority of the Council.

Discussion items are intended solely for dialogue between Councilmembers and shall not require staff research, reports, or preparation beyond listing the item on the agenda. If, after such discussion, three or more Councilmembers support further consideration through a vote to agendize, the item shall be placed on a future agenda for formal action. At that time, staff will prepare the necessary materials and reports consistent with standard agenda procedures.

Nothing shall limit three or more Council members from providing direction in requesting action at any time. The Mayor in good faith will make every effort to place a Council Requested item on the first available Council agenda in consultation with the Town Manager.

G. Adjournment

Council meetings will be adjourned at midnight unless a majority of the Council Members present vote to extend the adjournment time.

H. Americans with Disabilities Notice on Town Agendas

As part of the requirements under the Americans with Disabilities Act, the Town is required to provide notice of whom to contact in advance of a public meeting for assistance to disabled individuals who might wish to participate. The following notice shall be provided in at least one location on each Town agenda for Council, Boards, Commissions, or Committees.

> In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Please notify the Clerk's Office at least two (2) business days prior to the meeting so that reasonable arrangements can be made to ensure accessibility in compliance with 28 CFR §35.102-35.104 and related provisions.

I. Preparation of the Town Council Agenda

The agenda is prepared by staff in consultation with the Mayor for the Mayor's final approval. If there is a disagreement between The Mayor and staff, the Mayor makes the ultimate call on the Agenda and its items. In the case of any order change or scheduling agenda items, the Town Manager has the discretion to adjust the order and scheduling if such change is necessary to mitigate an operational, financial, or compliance related impact.

If the wish of the Council is to add an item on the agenda of the current meeting, then the *Brown Act* generally requires a two-thirds (2/3) vote or a unanimous vote of those present if less than five (5) Council Members are present, with a finding that there is a need to take immediate action and the need for action came to the attention of the Town after the agenda was posted.

i. Preparation of the Town Boards, Commissions, and Committees Agenda
For Town Boards, Commissions, and Committees, the staff liaison will consult and consider the Chairs's input on the items scheduled for future meetings.

J. Council Regular Meeting Agenda Schedule and Preparation
In general, questions or inquiries from Council Members to the Town Manager and/or Town Attorney regarding agenda items should be responded to within 24 hours, and then placed into Addenda and/or Desk Items, as appropriate.

The following timeline outlines the standard schedule for finalizing and distributing Town Council meeting materials. While this schedule will be followed under normal circumstances, adjustments may occur based on staff availability, meeting demands, or unforeseen circumstances.

Thursday, prior to the meeting	Written agenda is finalized and printed. Agenda packets distributed to Town Council Members.
Friday, prior to the meeting	Additional information from staff available after the Thursday distribution of the agenda packet, and public comments received prior 3:00 p.m. will be distributed to Town Council members as an Addendum to a staff report.
Monday, prior to the meeting	Additional information from staff available after the Friday Addendum and public comment received prior to 3:00 p.m. on Monday will be distributed to Town Council members as an Addendum to a staff report.
Day of Council Meeting	Public comments received by 11:00 a.m. on the morning of a Council meeting will be included in a Desk Item for distribution to Town Council members by 3:00 p.m. on the afternoon of a Council meeting. Public comment received after 11:00 a.m. will not be distributed to the Council in the Desk Item; however, public comment may be submitted by individuals during the Council meeting.

i. Boards, Commissions, and Committee Schedule and Preparation.
The schedule for Boards, Commissions and Committee meetings will follow a corresponding schedule, depending on their meeting day.

K. Agenda Posting

Agendas shall be posted at least 72 hours prior to a regular meeting, and at least 24 hours prior to a special meeting in compliance with the Brwon Act.

L. Conduct of Town Council Meetings

The Council shall adopt:

1. Modified Rosenberg's Rules of Order (Exhibit A - changes are bolded and noted with asterisks)with a change to the "Basic Format for an Agenda Item Discussion" section to allow Council Members to ask questions after public comment; and a change to the reconsideration process to allow a reconsideration of a motion as outlined in this policy under Section O; or
2. Allow the Mayor to conduct the meeting as deemed appropriate so long as all members of the Council concur.

M. Attendance at Meetings

The Town Council and Commissioners are expected to attend all meetings as part of their commitment to their positions. Attendance requirements for Commissioners are set forth in Town Council Policy 2-11: Commission Appointments, Residency and Attendance Requirements, and Establishing a Quorum. Consistent with the Family Medical Leave Act and the California Family Rights Act, absences of up to 12 weeks due to the birth of a child constitute excused absences.

N. Remote Attendance

In addition to the requirements of the Brown Act, the following guidelines apply to Town meetings:

1. Town Council Meetings: Requests by Council Members to attend a regular Council meeting via remote appearance (either Zoom or telephone) are allowed on a limited basis and with no more than two regular meeting remote participations in a row. In addition, at least a quorum of the Council must participate from a location within the Town and comply with other requirements of the Brown Act. However, a Council Member may participate remotely under the 'Just Cause' provisions of Government Code Section 54953, with remote participation limited to five meetings per calendar year. When a Council Member is participating remotely, they shall have their camera on and be visible for the duration of the meeting.
2. Town Board, Committee, and Commission Meetings: Board, Committee, and Commission members may participate remotely by telephone only, with the exception of the Finance and Planning Commissioners who have the choice of either Zoom or telephone. Requests by Commissioners to attend a Commission meeting via remote appearance should be allowed on a limited basis, with no more than four remote participations annually, no more than two regular meeting remote participations in a row, and in compliance with the Brown Act.

3. Remote Participation by the Public: In conformance with Government Code Section 54953, the public may participate in Town Council meetings remotely. The public may also participate in Finance Commission and Planning Commission meetings remotely as technology allows. Individuals can join these meetings using the remote participation instructions provided on the agenda, based on the available technology and equipment. The remote participation instructions shall be provided on all Town Council, Finance Commission, and Planning Commission agendas with the exception of Town Council Closed Sessions. There is not a remote public participation option for other Town Boards, Committees, or Commissions.

O. Proposed Reconsideration of Prior Council Actions

Reconsideration of prior Council actions is discouraged and may only occur in special circumstances subject to the procedural restrictions outlined herein. Reconsideration does not include, and this Policy does not prohibit, the repeal of a resolution or ordinance in response to a lawsuit or a referendum challenging that adoption.

Step 1 – Motion to Place Reconsideration of a Prior Action on a Future Council Agenda

a. The motion must be made by a Council Member who previously voted on the prevailing side of the prior action, while the second can be any Council Member ;

b. The maker of the motion shall specifically articulate the new information, analysis and/or circumstances that warrant(s) reconsideration of the prior action;

c. The motion must be adopted by a majority of the full Council; and

d. The motion may be made and considered no later than the next regularly scheduled meeting of the Council after the item was originally acted upon.

Step 2 – Full Reconsideration of the Prior Action, if a motion as outlined in Step 1 is approved.

a. The full reconsideration of the prior action will be placed on the next available Council agenda following the agenda-setting and required public notification process.

b. The agenda, public notification and staff report for the full reconsideration of the prior action shall clearly state that the item has been previously acted upon by the Council and is being reconsidered by the Council.

c. Action on the reconsideration of the prior action shall adhere to regular Council policies and practices as if the item was being heard for the first time.

d. The full reconsideration of the prior action (whether sustained, reversed or otherwise modified) will be the final action on that item, and no further reconsiderations will be considered.

P. Motions by the Mayor

The Mayor may make or second motions. The Mayor may also restate, or ask that the maker restate, all motions immediately prior to any vote.

Q. Behavior Expectations at Town Meetings

At each meeting, the Mayor should welcome the public to participate in the meetings, understanding that the purpose of the meeting is to conduct the important business of the Town in an efficient and effective manner. The Mayor may promote constructive communication by asking Council members, staff, and community members to embrace and adhere to the following values:

- Be respectful, welcoming, inclusive, compassionate, and kind to each other,
- Appreciate the diversity of perspectives and views in our community,
- Express your views and share your perspectives in helpful ways,
- Listen to understand and empathize with each other, and
- Collaborate and work together to do what is best for Los Gatos.

As needed, the Mayor may need to remind the public about the Town's civility rules listed below:

1. For the benefit of the entire community, the Town of Los Gatos asks that all speakers follow the Town's meeting guidelines by treating everyone with respect and dignity. This is done by following meeting guidelines set forth in State law, in the Town Code, and on the cover sheet of the Council agenda.

2. The Town embraces diversity and strongly condemns hate speech and offensive, hateful language or racial intolerance of any kind at Council meetings.

3. Town Council and staff are well aware of the public's right to disagree with their professional opinion on various Town issues. However, anti-social behavior, slander, hatred, and bigotry statements are completely unacceptable and will not be tolerated in any way, shape, or form at Town Council meetings.

4. All public comments at the Town Council meeting must pertain to items within the subject matter jurisdiction of the Town and shall not contain slanderous statements, hatred, and bigotry against non-public officials.

R. Managing Disruptive Behavior During Meetings

The Town will go through the following steps in the event of a meeting disturbance :

1. If the individual is participating remotely, the Mayor, or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If they do not promptly cease their disruptive behavior after the warning their permission to speak will be removed.

2. If the individual participating in-person, the Mayor or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If the speaker does not promptly cease their disruptive behavior after the warning, they may be removed from the meeting.

3. In accordance with Government Code Section 54957.9, in the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting infeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.

Nothing in this policy limits other options to resolve disruptions, including but not limited to, taking a recess.

APPROVED AS TO FORM:

_____

Gabrielle Whelan, Town Attorney

TOWN OF LOS GATOS CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service *Community Stewardship* *Future Focus*

TITLE: Town Agenda Format and Rules	**POLICY NUMBER**: 2-01
EFFECTIVE DATE: 12/15/1986	**PAGES:** 7
ENABLING ACTIONS: 1986-183; 1987-024; 1988-124; 1993-181; 1994-057; 1996-108; 2001-077; 2004-033; 2009-002; 2021-047	**REVISED DATES:** 12/15/1986; 3/2/1987; 6/6/1988; 6/15/1992; 12/6/1993; 4/4/1994; 8/5/1996; 7/2/2001; 4/5/2004; 1/20/2009; 3/16/2009; 12/6/2010; 8/5/2013; 3/3/2015; 9/20/2016; 6/20/2017; 8/1/2017; 12/4/18/; 8/20/19; 12/3/19; 6/1/2021; 11/2/2021; 9/20/22; 2/7/2023; 11/21/2023; 8/6/2024
APPROVED:	

PURPOSE

To establish procedures which standardize Town agendas and ensure an orderly meeting. This Policy applies to Town Council and all Town Boards, Commissions, and Committees, and references to Mayor will apply to Boards, Commissions, and Committees Chairpersons as set forth in this Policy.

POLICY

The following policies have been established:

A. Order of the Agenda

Subject to the Mayor's discretion to change the order of consideration of any agenda item during any individual meeting:

Call Meeting to Order
Roll Call
Pledge of Allegiance
Presentations
Consent Calendar
Verbal Communications
Public Hearings
Other Business
Council Matters
Manager Matters
Attorney Matters and Closed Session Report
Adjournment (No later than midnight without vote.)

B. Closed Session Report

As required by the Brown Act, the Town Attorney will report on actions taken at the Closed Session, but without reporting any information which could damage the Town's position on a) potential or existing litigation, b) the acquisition or disposition of property, or c) any employee's privacy interests. In addition, the Closed Session agenda shall clearly identify the subject of each agenda item consistent with the requirements of the *Brown Act.*

C. Communications by Members of the Public

Speakers at public meetings will be asked to provide their full name and to state whether they are a resident of the Town of Los Gatos. This information is optional but not required.

1. *Verbal Communications.* Comments by members of the public during the initial Verbal Communications portion of the agenda on items not on the Council agenda shall be limited to 30 minutes and no more than three (3) minutes per speaker, or at the discretion of the Mayor. Town resources may not be used to facilitate audio or visual presentations. Individuals addressing the Town Council under Verbal Communications may submit written materials and must provide at least one (1) copy for inclusion in the administrative record. As an item not listed on the agenda, no response is required from Town staff or the Council and no action can be taken. However, the Council may instruct the Town Manager to place the item on a future agenda. At the conclusion of the first Verbal Communications, the agenda will proceed onto the Public Hearings and Other Business sections of the agenda. In the event additional speakers were not able to be heard during the initial Verbal Communications portion of the agenda, an additional Verbal Communications section can be opened prior to Adjournment.

2. *Public Hearings.* Presentations during the Public Hearings portion of the agenda by appellants and applicants, including any expert or consultant assisting with the presentation, shall be limited to a total of no more than five (5) minutes for all speakers. Appellants and applicants shall be provided no more than three (3) minutes to rebut at the end of the public hearing. Visual presentations that require the use of staff resources shall be limited to appellants and applicants. Other members of the public testifying at public hearings shall be limited to no more than three (3) minutes and may submit written materials, provided that one (1) copy is submitted for inclusion in the administrative record.

3. *Submittal of written materials by Applicant and Appellant*. To allow Town Council, Boards, Commissions, Committees, Town Staff, and the public the opportunity to review material in advance of a hearing, all materials should be submitted by the Applicant or Appellant to the designated staff member prior to the publishing of the report for the scheduled public hearing. Documents and materials received from the Applicant or Appellant after the publishing of the report will be accepted; however, the Town Staff and the Town Council may not be able to analyze the late submissions based on the time provided by the submitter for such material to be reviewed.

3. *Other Agenda Items.* Comments by members of the public concerning any other item on an agenda shall be limited to no more than three (3) minutes per item.

4. *Mayor's Discretion.* All time limits noted above shall be subject to change at the Mayor's discretion.

D. Consent Calendar

Items on the Council agenda that are considered to be of a routine and non-controversial nature are placed on the Consent Calendar. Typical items include meeting minutes, final reading and adoption of ordinances, resolutions approving agreements, awards of contracts, status staff reports, etc.

Consent items shall be approved by a single Council motion unless a member of the Council requests that an item be removed for separate Council action. Members of the public may speak on an item on the Consent Calendar during the public comment portion before the Council votes on the Consent Calendar. Items removed from the Consent Calendar may be considered at that meeting at the Mayor's discretion.

E. Presentations

The Presentations portion of the agenda is intended to allow organized groups to make formal presentations to the Council and to recognize and honor deserving individuals and organizations. All matters included on the Presentations portion of the agenda require the prior approval of the Mayor and shall be limited to no more than ten (10) minutes, unless the Mayor grants additional time. Visual presentations must be submitted to the staff 24 hours in advance of the meeting unless otherwise authorized by the Mayor.

F. Council Matters

Members of Council may report on the activities of the committees to which they belong or the meetings they attend, question staff briefly on matters upon which the Council has taken action or given direction, make brief announcements related to activities that a Council Member performs on behalf of the Town or its residents, or discuss whether to place particular items on future agendas for action by the Council. Personal business and personal political campaign activities are not Council Matters. Council Members' reports are limited to three minutes each. Public comment on any Council Matter will be provided during Verbal Communications section of the agenda.

During the Council Matters portion of the meeting, any Council Member may request that an item be placed on a future agenda for Council discussion. If a second Councilmember supports the request or if such request is solely made by the Mayor, the item will be scheduled on the next agenda under Council Matters for discussion purposes only.

If the item requires significant staff effort as determined by the Town Manager, then three or more members of the Council must vote in favor of placing an item on a future agenda for action. If more information is needed, the Council can continue the item to allow staff to obtain the required information, with approval by a majority of the Council.

Discussion items are intended solely for dialogue between Councilmembers and shall not require staff research, reports, or preparation beyond listing the item on the agenda. If, after such discussion, three or more Councilmembers support further consideration through a vote to agendize, the item shall be placed on a future agenda for formal action. At that time, staff will prepare the necessary materials and reports consistent with standard agenda procedures.

Nothing shall limit three or more Council members from providing direction on requesting action at any time.

G. Adjournment

Council meetings will be adjourned at midnight unless a majority of the Council Members present vote to extend the adjournment time.

H. Americans with Disabilities Notice on Town Agendas

As part of the requirements under the Americans with Disabilities Act, the Town is required to provide notice of whom to contact in advance of a public meeting for assistance to disabled individuals who might wish to participate. The following notice shall be provided in at least one location on each Town agenda for Council, Boards, Commissions, or Committees.

> In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Clerk's Office at (408) 354-6834. Please notify the Clerk's Office at least two (2) business days prior to the meeting so that reasonable arrangements can be made to ensure accessibility in compliance with 28 CFR §35.102-35.104 and related provisions.

I. Preparation of the Town Council Agenda

The agenda is prepared by staff in consultation with the Mayor for the Mayor's final approval. If there is a disagreement between The Mayor and staff, the Mayor makes the ultimate call on the Agenda and its items. In the case of any order change or scheduling agenda items, the Town Manager has the discretion to adjust the order and scheduling if such change is necessary to mitigate an operational, financial, or compliance related impact.

The Mayor in good faith will make every effort to place a Council requested item on the first available Council agenda in consultation with the Town Manager.

If the wish of the Council is to add an item on the agenda of the current meeting, then the *Brown Act* generally requires a two-thirds (2/3) vote or a unanimous vote of those present if less than five (5) Council Members are present, with a finding that there is a need to take immediate action and the need for action came to the attention of the Town after the agenda was posted.

i. Preparation of the Town Boards, Commissions, and Committees Agenda
For Town Boards, Commissions, and Committees, the staff liaison will consult and consider the Chairs's input on the items scheduled for future meetings.

J. Council Regular Meeting Agenda Schedule and Preparation

In general, questions or inquiries from Council Members to the Town Manager and/or Town Attorney regarding agenda items should be responded to within 24 hours, and then placed into Addenda and/or Desk Items, as appropriate.

The following timeline outlines the standard schedule for finalizing and distributing Town Council meeting materials. While this schedule will be followed under normal circumstances, adjustments may occur based on staff availability, meeting demands, or unforeseen circumstances.

Thursday, prior to the meeting	Written agenda is finalized and printed. Agenda packets distributed to Town Council Members.
Friday, prior to the meeting	Additional information from staff available after the Thursday distribution of the agenda packet, and public comments received prior 3:00 p.m. will be distributed to Town Council members as an Addendum to a staff report.
Monday, prior to the meeting	Additional information from staff available after the Friday Addendum and public comment received prior to 3:00 p.m. on Monday will be distributed to Town Council members as an Addendum to a staff report.
Day of Council Meeting	Public comments received by 11:00 a.m. on the morning of a Council meeting will be included in a Desk Item for distribution to Town Council members by 3:00 p.m. on the afternoon of a Council meeting. Public comment received after 11:00 a.m. will not be distributed to the Council in the Desk Item; however, public comment may be submitted by individuals during the Council meeting.

i. Boards, Commissions, and Committee Schedule and Preparation.
The schedule for Boards, Commissions and Committee meetings will follow a corresponding schedule, depending on their meeting day.

K. Agenda Posting

Agendas shall be posted at least 72 hours prior to a regular meeting, and at least 24 hours prior to a special meeting in compliance with the Brwon Act.

L. Conduct of Town Council Meetings

The Council shall adopt:

1. Modified Rosenberg's Rules of Order (Exhibit A - changes are bolded and noted with asterisks) with a change to the "Basic Format for an Agenda Item Discussion "section to allow Council Members to ask questions after public comment; and a change to the reconsideration process to allow a reconsideration of a motion as outlined in this policy under Section O; or
2. Allow the Mayor to conduct the meeting as deemed appropriate so long as all members of the Council concur.

M. Attendance at Meetings

The Town Council and Commissioners are expected to attend all meetings as part of their commitment to their positions. Attendance requirements for Commissioners are set forth in Town Council Policy 2-11: Commission Appointments, Residency and Attendance Requirements, and Establishing a Quorum. Consistent with the Family Medical Leave Act and the California Family Rights Act, absences of up to 12 weeks due to the birth of a child constitute excused absences.

N. Remote Attendance

In addition to the requirements of the Brown Act, the following guidelines apply to Town meetings:

1. Town Council Meetings: Requests by Council Members to attend a regular Council meeting via remote appearance (either Zoom or telephone) are allowed on a limited basis and with no more than two regular meeting remote participations in a row. In addition, at least a quorum of the Council must participate from a location within the Town and comply with other requirements of the Brown Act. However, a Council Member may participate remotely under the 'Just Cause' provisions of Government Code Section 54953, with remote participation limited to five meetings per calendar year. When a Council Member is participating remotely, they shall have their camera on and be visible for the duration of the meeting.

2. Town Board, Committee, and Commission Meetings: Board, Committee, and Commission members may participate remotely by telephone only, with the exception of the Finance and Planning Commissioners who have the choice of either Zoom or telephone. Requests by Commissioners to attend a Commission meeting via remote appearance should be allowed on a limited basis, with no more than four remote participations annually, no more than two regular meeting remote participations in a row, and in compliance with the Brown Act.

3. Remote Participation by the Public: In conformance with Government Code Section 54953, the public may participate in Town Council meetings remotely. The public may also participate in Finance Commission and Planning Commission meetings remotely as technology allows. Individuals can join these meetings using the remote participation instructions provided on the agenda, based on the available technology and equipment.

The remote participation instructions shall be provided on all Town Council, Finance Commission, and Planning Commission agendas with the exception of Town Council Closed Sessions. There is not a remote public participation option for other Town Boards, Committees, or Commissions.

O. Proposed Reconsideration of Prior Council Actions

Reconsideration of prior Council actions is discouraged and may only occur in special circumstances subject to the procedural restrictions outlined herein. Reconsideration does not include, and this Policy does not prohibit, the repeal of a resolution or ordinance in response to a lawsuit or a referendum challenging that adoption.

Step 1 – Motion to Place Reconsideration of a Prior Action on a Future Council Agenda

a. The motion must be made by a Council Member who previously voted on the prevailing side of the prior action, while the second can be any Council Member ;

b. The maker of the motion shall specifically articulate the new information, analysis and/or circumstances that warrant(s) reconsideration of the prior action;

c. The motion must be adopted by a majority of the full Council; and

d. The motion may be made and considered no later than the next regularly scheduled meeting of the Council after the item was originally acted upon.

Step 2 – Full Reconsideration of the Prior Action, if a motion as outlined in Step 1 is approved.

a. The full reconsideration of the prior action will be placed on the next available Council agenda following the agenda-setting and required public notification process.

b. The agenda, public notification and staff report for the full reconsideration of the prior action shall clearly state that the item has been previously acted upon by the Council and is being reconsidered by the Council.

c. Action on the reconsideration of the prior action shall adhere to regular Council policies and practices as if the item was being heard for the first time.

d. The full reconsideration of the prior action (whether sustained, reversed or otherwise modified) will be the final action on that item, and no further reconsiderations will be considered.

P. Motions by the Mayor

The Mayor may make or second motions. The Mayor may also restate, or ask that the maker restate, all motions immediately prior to any vote.

Q. Behavior Expectations at Town Meetings

At each meeting, the Mayor should welcome the public to participate in the meetings, understanding that the purpose of the meeting is to conduct the important business of the Town in an efficient and effective manner. The Mayor may promote constructive communication by asking Council members, staff, and community members to embrace and adhere to the following values:

- Be respectful, welcoming, inclusive, compassionate, and kind to each other,
- Appreciate the diversity of perspectives and views in our community,
- Express your views and share your perspectives in helpful ways,
- Listen to understand and empathize with each other, and
- Collaborate and work together to do what is best for Los Gatos.

As needed, the Mayor may need to remind the public about the Town's civility rules listed below:

1. For the benefit of the entire community, the Town of Los Gatos asks that all speakers follow the Town's meeting guidelines by treating everyone with respect and dignity. This is done by following meeting guidelines set forth in State law, in the Town Code, and on the cover sheet of the Council agenda.

2. The Town embraces diversity and strongly condemns hate speech and offensive, hateful language or racial intolerance of any kind at Council meetings.

3. Town Council and staff are well aware of the public's right to disagree with their professional opinion on various Town issues. However, anti-social behavior, slander, hatred, and bigotry statements are completely unacceptable and will not be tolerated in any way, shape, or form at Town Council meetings.

4. All public comments at the Town Council meeting must pertain to items within the subject matter jurisdiction of the Town and shall not contain slanderous statements, hatred, and bigotry against non-public officials.

R. Managing Disruptive Behavior During Meetings

The Town will go through the following steps in the event of a meeting disturbance:

1. If the individual is participating remotely, the Mayor, or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If they do not promptly cease their disruptive behavior after the warning their permission to speak will be removed.

2. If the individual participating in-person, the Mayor or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. If the speaker does not promptly cease their disruptive behavior after the warning, they may be removed from the meeting.

3. In accordance with Government Code Section 54957.9, in the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting infeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.

Nothing in this policy limits other options to resolve disruptions, including but not limited to, taking a recess.

APPROVED AS TO FORM:

_____

Gabrielle Whelan, Town Attorney

Rosenberg's Rules of Order

REVISED 2011

Simple Rules of Parliamentary Procedure for the 21st Century

By Judge Dave Rosenberg

LEAGUE OF CALIFORNIA CITIES

MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and automony of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

© 2011 League of California Cities. All rights reserved.

About the Author

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.

Table of Contents

About the Author ii

Introduction 2

Establishing a Quorum 2

The Role of the Chair 2

The Basic Format for an Agenda Item Discussion 2

Motions in General 3

The Three Basic Motions 3

Multiple Motions Before the Body 4

To Debate or Not to Debate 4

Majority and Super-Majority Votes 5

Counting Votes 5

The Motion to Reconsider 6

Courtesy and Decorum 7

Special Notes About Public Input 7

Introduction

The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

The Role of the Chair

While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:

First, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

Second, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

Third, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

* **The chair should ask members of the body if they have any questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.**

Fifth, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

Sixth, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

Seventh, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

Eighth, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

Ninth, the chair takes a vote. Simply asking for the "ayes" and then asking for the "nays" normally does this. If members of the body do not vote, then they "abstain." Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

Tenth, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: "The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body."

Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member's desired approach with the words "I move … "

A typical motion might be: "I move that we give a 10-day notice in the future for all our meetings."

The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion,** for example, "A motion at this time would be in order."
2. **Suggesting a motion to the members of the body,** "A motion would be in order that we give a 10-day notice in the future for all our meetings."
3. **Making the motion.** As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the body's consideration. A basic motion might be: "I move that we create a five-member committee to plan and put on our annual fundraiser."

The motion to amend. If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: "I move that we amend the motion to have a 10-member committee." A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

The substitute motion. If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: "I move a substitute motion that we cancel the annual fundraiser this year."

"Motions to amend" and "substitute motions" are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a "motion to amend" or a "substitute motion" is left to the chair. So if a member makes what that member calls a "motion to amend," but the chair determines that it is really a "substitute motion," then the chair's designation governs.

A "friendly amendment" is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, "I want to suggest a friendly amendment to the motion." The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic "motion to have a five-member committee to plan and put on our annual fundraiser." During the discussion of this motion, a member might make a second motion to "amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser." And perhaps, during that discussion, a member makes yet a third motion as a "substitute motion that we not have an annual fundraiser this year." The proper procedure would be

First, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed,* the chair would then move to consider the main motion (the first motion) in its original format, not amended.

Third, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

To Debate or Not to Debate

The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

Motion to adjourn. This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

Motion to recess. This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

Motion to fix the time to adjourn. This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: "I move we adjourn this meeting at midnight." It requires a simple majority vote.

Motion to table. This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on "hold." The motion can contain a specific time in which the item can come back to the body. "I move we table this item until our regular meeting in October." Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

Motion to limit debate. The most common form of this motion is to say, "I move the previous question" or "I move the question" or "I call the question" or sometimes someone simply shouts out "question." As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a "request" rather than as a formal motion. The chair can simply inquire of the body, "any further discussion?" If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the "question" as a formal motion, and proceed to it.

When a member of the body makes such a motion ("I move the previous question"), the member is really saying: "I've had enough debate. Let's get on with the vote." When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

NOTE: A motion to limit debate could include a time limit. For example: "I move we limit debate on this agenda item to 15 minutes." Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item.* This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

Motion to limit debate. Whether a member says, "I move the previous question," or "I move the question," or "I call the question," or "I move to limit debate," it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

Motion to close nominations. When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

Motion to object to the consideration of a question. Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

Motion to suspend the rules. This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

Counting Votes

The matter of counting votes starts simple, but can become complicated.

Usually, it's pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the "no" votes and double that count to determine how many "yes" votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote "no" then the "yes" vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote "abstain" or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in

California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of "those present" then you treat abstentions one way. However, if the rules of the body say that you count the votes of those "present and voting," then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are "present and voting."

Accordingly, under the "present and voting" system, you would **NOT** count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are "present"), but you treat the abstention votes on the motion as if they did not exist (they are not "voting"). On the other hand, if the rules of the body specifically say that you count votes of those "present" then you **DO** count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like "no" votes.

How does this work in practice? Here are a few examples.

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are "present and voting." If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three "yes," one "no" and one "abstain" also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body **DOES** have a specific rule requiring a two-thirds vote of members "present." Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a "no" vote. Accordingly, if the votes were three "yes," one "no" and one "abstain," then the motion fails. The abstention in this case is treated like a "no" vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an "abstention" vote? Any time a member votes "abstain" or says, "I abstain," that is an abstention. However, if a member votes "present" that is also treated as an abstention (the member is essentially saying, "Count me for purposes of a quorum, but my vote on the issue is abstain.") In fact, any manifestation of intention not to vote either "yes" or "no" on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote "absent" or "count me as absent?" Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually "absent." That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

~~* First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)~~

* **The motion may be made and considered no later than the next regularly scheduled meeting of the Council after the item was originally acted upon.**

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is "no." There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be, "point of privilege." The chair would then ask the interrupter to "state your point." Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person's ability to hear.

Order. The proper interruption would be, "point of order." Again, the chair would ask the interrupter to "state your point." Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

Appeal. If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

Call for orders of the day. This is simply another way of saying, "return to the agenda." If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair's determination may be appealed.

Withdraw a motion. During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

Rule One: Tell the public what the body will be doing.

Rule Two: Keep the public informed while the body is doing it.

Rule Three: When the body has acted, tell the public what the body did.

1400 K Street, Sacramento, CA 95814
(916) 658-8200 | Fax (916) 658-8240
www.cacities.org

To order additional copies of this publication, call (916) 658-8200.

$10

© 2011 League of California Cities. All rights reserved.

Printed on recycled paper.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 16

DATE: January 20, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Adopt the Draft License Agreement for Encroachments for Private Use of Public Property Policy**

RECOMMENDATION: Adopt the draft License Agreements for Encroachments for Private Use of Public Property Policy, to establish clear, consistent procedures for permitting, licensing, inspection, enforcement, and revocation of private encroachments within the public right-of-way (ROW) and on Town-owned property.

FISCAL IMPACT:

Adoption of the License Agreements for Encroachments for Private Use of Public Property Policy itself has no direct fiscal impact. The policy supports recovery of regulatory costs through Council-adopted fees and allows the Town to require license consideration where appropriate. Over time, implementation is expected to improve cost recovery, reduce enforcement uncertainty, and limit the Town's exposure to liability associated with unauthorized private use of public property. Any applicable fees will be assessed in accordance with the Town's adopted Fee Schedule.

STRATEGIC PRIORITY:

This item is not associated directly with a specific strategic priority; however, it aligns with the Town's core goal of good governance.

BACKGROUND:

The Town routinely encounters private improvements located within the public right-of-way or

PREPARED BY: Gary Heap
Town Engineer

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

on Town-owned property, including fences, retaining walls, landscaping, driveways, and structures extending above or below the ROW. Historically, these situations have been addressed through a combination of encroachment permits, ad hoc license agreements, and code enforcement actions. In some cases, private improvements were installed without prior authorization, resulting in so-called "legacy encroachments."

The Town Code (Chapters 12, 23, and 29) provides authority to regulate, inspect, and remove unauthorized obstructions in the ROW. However, the Town has lacked a policy clearly defining when license agreements are appropriate, the level of approval required, and the conditions under which private use of public property may be allowed. The proposed policy addresses this gap by establishing uniform procedures and expectations for property owners and staff.

DISCUSSION:

The License Agreements for Encroachments for Private Use of Public Property Policy establishes procedures for permitting and regulating private improvements in the public ROW and on Town-owned properties. The policy emphasizes that all private use of public property remains subordinate to the public interest and does not create a vested property right. All approvals are revocable at the Town's discretion.

The policy applies broadly to private improvements, with limited exemptions for standard-material driveways, walkways, and code-compliant mailboxes. Utilities and agencies operating under separate statutory authority are excluded and remain subject to applicable laws and departmental oversight.

The policy clearly delineates approval authority between the Town Manager (or designee) and the Town Council:

- **Town Manager or Designee:** May approve residential, minor, and low-impact encroachments that do not pose safety hazards or materially interfere with public facilities.
- **Town Council:** Required to approve license agreements for commercial encroachments, permanent structures, encroachments occupying a substantial portion of the ROW, or proposals with broader community impacts or precedent-setting implications.

Where an encroachment is associated with a land use entitlement, approval occurs concurrently with the applicable planning approval. This structure ensures appropriate oversight while allowing efficient administrative processing of routine requests.

Encroachment requests are evaluated based on safety, ADA compliance, drainage, utilities, zoning consistency, neighborhood character, and potential impacts on current or future Town projects. The proposed policy expressly prohibits encroachments that obstruct sidewalks, ADA

routes, sight distance triangles, utilities, drainage facilities, emergency access, or public parking, except where a clear and demonstrable public benefit exists.

All license agreements include standardized conditions such as indemnification, insurance, maintenance obligations, performance security, possessory interest tax notification, revocation rights, and restoration requirements. License agreements are recorded, are binding on the property owner and successors, and include a sunset clause requiring renewal at least every ten years.

The policy establishes a structured approach to addressing unpermitted and legacy encroachments. Staff conducts a threshold review to determine whether removal is required or whether a discretionary retroactive license application may be considered. Encroachments that pose hazards, impair access or utilities, conflict with public projects, or fail to comply with the Town Code are ineligible for retroactive licensing and must be removed. The policy emphasizes that retroactive licensing is exceptional, does not ratify unauthorized construction, and does not limit the Town's authority to require future removal.

CONCLUSION:

The proposed Policy on Private Use of Public Property provides a clear, legally grounded, and consistent framework for managing private encroachments in the public ROW and on Town-owned property. Adoption of the policy will enhance transparency, protect the public interest, and support efficient administration and enforcement. Staff recommends that the Town Council adopt the policy as proposed.

COORDINATION:

This item was coordinated with the Town Manager's Office, Community Development, Parks and Public Works, Finance, and the Attorney's Office.

ENVIRONMENTAL ASSESSMENT:

Adoption of the policy establishing procedures and criteria for licensing private encroachments does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15301 and 15378(b)(5). Individual encroachment approvals will be subject to appropriate environmental review as required.

Attachments:
1. Draft License Agreements for Encroachments for Private Use of Public Property Proposed Policy

TOWN OF LOS GATOS CALIFORNIA

COUNCIL POLICY MANUAL

Small Town Service *Community Stewardship* *Future Focus*

TITLE: License Agreements for Encroachments for Private Use of Public Property	**POLICY NUMBER:**
EFFECTIVE DATE:	**PAGES:**
ENABLING ACTIONS:	**REVISED DATES:**
APPROVED:	

PURPOSE

This policy establishes procedures for permitting, licensing, inspecting, and enforcement of private encroachments in the Town's public right-of-way (ROW) and on Town Owned Properties. The intent of this policy is: to protect public safety, mobility, and infrastructure; to ensure fair and consistent treatment of property owners; to recover costs associated with private use of public property; and to preserve the Town's flexibility to implement public improvements.

Private use of any public property shall at all times remain subordinate to the public's interest. Any authorization granted under this policy is conditional, revocable at will, and shall not create a vested property right in the public ROW or Town Owned Properties.

This policy is further intended to provide a consistent and transparent framework for addressing previously installed, unauthorized Private Improvements in the public right of way and on Town Owned Properties, while preserving the Town's full authority to regulate, revoke, or require removal of such improvements in the public interest.

SCOPE

This policy applies to all Private Improvements in the ROW or on Town Owned Property, except driveways and walkways constructed with Standard Materials and mailboxes placed in accordance with USPS standards. Encroachments installed by utilities or agencies acting under separate statutory authorities are exempt and subject to the direction of the Parks and Public Works Department, as applicable by law.

Encroachments typically requiring a license agreement include retaining walls, fences, gates, and driveways using non-standard materials. Encroachments extending into the airspace above

or the subsurface below the ROW, including, but not limited to balconies, basements, structural tie-backs, utility vaults, and overhangs, are subject to this policy.

No encroachment may prevent or delay Town capital projects. Encroachments interfering with planned or future improvements shall be removed at the owner's sole expense in a timely manner and without compensation.

POLICY

The Town's authority is derived from Chapter 23 of the Los Gatos Town Code, which prohibits unauthorized obstructions (§23.30.005), provides inspection rights (§23.30.035), requires settlement correction (§23.30.045), and allows removal without compensation from the Town (§23.30.055). Additional authority comes from Chapter 12, which regulates grading, drainage, excavation, and public improvements; and Chapter 29, which establishes zoning and fence standards. Relevant provisions of the California Streets & Highways Code (§1921) and the Santa Clara County Assessor's guidance on possessory interest tax also apply.

Definitions

For purposes of this policy:

- **Encroachment** is any Private Improvement located within the public right-of-way or on Town Owned Property.
- **Encroachment Permit** is a limited authorization issued by the Town for the construction of a Private Improvement that is revocable by the Town at its sole discretion.
- **Immediate Hazard** refers to any encroachment presenting an imminent threat to public safety, traffic circulation, or Town infrastructure.
- **License Agreement** is a recorded legal agreement that authorizes and stipulates the terms to maintain a Private Improvement in the public ROW or on Town Owned Property. The agreement is binding on successors and generally includes revocation language with due notice from the Town.
- **Legacy Encroachment** is any unpermitted Private Improvement located in the public ROW or on Town Owned Property that existed prior to the effective date of this policy. The designation of an encroachment as a Legacy Encroachment is solely for administrative consistency and does not create any vested, prescriptive, or equitable right.
- **Possessory Interest Tax** is a property tax levied by Santa Clara County for private benefit derived from the use of public property.
- **Private Improvement** is any structure, object, or other private asset within the ROW or on Town Owned Property that is owned or maintained by a private party.
- **Right-of-Way ("ROW")** is land dedicated to the Town in fee or as an easement for public use, including but not limited to streets, sidewalks, gutters, park strips, utility easements, and stormwater facilities. The ROW extends vertically from the center of the earth to space.
- **Standard Materials** are Portland cement concrete and asphalt concrete.

- **Substantial Portion of the Right-of-Way** means more than twenty-five percent (25%) of a property's street frontage or more than two hundred (200) square feet, whichever is less.
- **Town Owned Property** means any parcel owned by the Town, excluding public rights of way, which are defined separately.

PROCEDURES

I. Approval Authority

License Agreements for long-term encroachments involve discretionary consideration by the Town before granting approval. Nothing obligates the Town to approve a discretionary License Agreement, unless specifically authorized by Federal, State, or local laws or regulations. All License Agreements require Town Manager, or designee approval.

1. **Town Manager or Designee Approval**
   The Town Manager, or designee, may approve License Agreements for encroachments that include, but are not limited to, those that are:
   - Residential in nature and serve or benefit a single family, multi family, or duplex property;
   - Minor in scale, such as fences, landscaping, driveways, irrigation, or retaining walls that do not require a building permit to construct;
   - Not blocking or materially interfering with sidewalks, pedestrian routes, ROW sight line triangles, utilities, or stormwater facilities; and
   - Not creating a health or safety hazard.

2. **Town Council Approval**
   Town Council approval is required for all other License Agreements, including any encroachment that:
   - Is commercial in nature or primarily serves or benefits a commercial property or use;
   - Occupies or privatizes a Substantial Portion of the ROW;
   - Involves permanent structures (e.g., buildings, retaining walls that require a building permit to construct, decks); or
   - Has broader community impact, establishes a precedent for future requests, or is contentious, sensitive, or otherwise likely to generate significant public concern.

When a proposed private improvement is tied to a land use entitlement (such as a subdivision, variance, or design review application), the approval authority shall occur concurrently with review and approval required per the requirements of Chapter 29 of the Town Code.

II. Review Criteria and Prohibitions

No License Agreement, whether issued prospectively or retroactively, shall authorize, legalize, or allow any Private Improvement that is in violation of the Town Code, applicable state or

federal law, or adopted Town standards. A License Agreement shall not waive, supersede, suspend, or modify any requirement of the Town Code.

Any Private Improvement that requires a variance, exception, modification, or discretionary relief from any provision of the Town Code shall be ineligible for approval of a License Agreement. License Agreements shall not be used as a mechanism to cure, bypass, or mitigate noncompliance with the Town Code.

Applications for License Agreements will be evaluated, at the Town's sole discretion, on factors including, but not limited to safety, including traffic visibility and Americans with Disabilities Act ("ADA") compliance; impacts to drainage, stormwater, and utilities; compliance with zoning standards; consistency with neighborhood character; loss of public property for public benefit; and any foreseen or potential burden imposed on future Town projects or maintenance. All encroachments shall comply with applicable ADA requirements, Caltrans standards (where applicable), and Town standards. Consideration of these factors does not create an obligation for the Town to approve an encroachment.

The Town shall not approve encroachments that obstruct sidewalks, ADA routes, or ROW sight triangles; interfere with drainage or utilities; exist within intersections, fire hydrant, and utility cabinet clearance requirements, or emergency vehicle access areas; create safety hazards or public nuisances; or conflict with existing or foreseeable Town improvements.
The Town shall not approve encroachments that privatize public parking spaces, Town Owned Properties, or other ROW areas intended for public access, except where a clear and demonstrable public benefit exists.

III. Conditions of Approval
All License Agreements shall at a minimum include conditions requiring: 1) indemnification and hold harmless agreements consistent with Town Code §23.30.055; 2) an endorsement to liability insurance stating that the insurance is primary with regard to the Town and listing the Town as an additional insured with minimum limits, carriers, and renewal evidence as determined by the Town Manager, or designee, in consultation with the Town Attorney; 3) evidence of required insurance coverage provided to the Town annually; 4) ongoing maintenance of the encroachment in good working order; 5) notification of potential possessory interest tax levy by the County of Santa Clara; and 6) correction obligations for the life of the encroachment.

Encroachments permitted by a License Agreement remain revocable at the Town's discretion, and owners must remove them within thirty (30) days of notice from the Town, or sooner if health and safety hazards exist, and shall restore the ROW or Town Owned Properties to Town standards at their sole expense. For Legacy Encroachments, the Town Engineer may establish a reasonable compliance schedule for removal based on the nature and complexity of the improvement, provided that any extension of time shall not constitute authorization to remain within the public ROW or Town Owned Property.

Licensees are responsible for payment of any possessory interest tax levied by Santa Clara County. All proposed work must comply with Chapter 29, and all grading, excavation, and retaining wall work must comply with Chapter 12 of the Town Code. Compliance with the Town Code is a continuing obligation, and discovery of any noncompliance shall constitute grounds for revocation of a License Agreement and removal of the encroachment.

The licensee must provide performance security, including but not limited to a bond, letter of credit, or cash deposit for all License Agreements to ensure funding for any necessary ROW or Town Owned Property restoration efforts required due to a revocation of the License Agreement.

The Town's failure to discover, object to, or act upon an encroachment at an earlier date shall not constitute waiver, estoppel, or limit the Town's authority to enforce removal or impose conditions at any time.

No Legacy Encroachment shall give rise to claims of equitable estoppel, laches, or reliance against the Town based on the passage of time, prior inspections, or approvals unrelated to the encroachment.

All License Agreements shall require renewal at least once every ten (10) years, unless specified otherwise in the License Agreement. Failure to renew shall constitute automatic termination of the license, and the encroachment shall be removed at the owner's expense within time frames permitted in the License Agreement, typically thirty days. Renewal of a License Agreement for a Legacy Encroachment does not ratify the original unauthorized construction and does not limit the Town's authority to require future removal.

Payment of regulatory cost recovery fees, license consideration, and provision of performance security are independent requirements. Satisfaction of one requirement shall not excuse compliance with the others.

IV. Unpermitted Encroachments

The Town strongly encourages property owners to apply in advance for a License Agreement. When an encroachment has been constructed without prior approval, the Town may take one of two approaches:

1. **Code Enforcement and Removal.** The Town may require the owner to remove the unlicensed improvements at their expense and may pursue code enforcement actions, including but not limited to citations, fines, and penalties.

The Town's failure to identify or act on unlicensed improvements at an earlier time does not waive its authority to require removal or imposing other conditions at any time. Any unlicensed improvements in the public ROW or Town Owned Property resulting in, but not limited to, a

hazard, health, safety, compliance, or other exposure which may impair the function or use of the ROW or Town Owned Property will require removal unless, to the satisfaction of the Town Engineer, such exposures are immediately mitigated.

2. **Retroactive License Application.** The granting of a retroactive License Agreement is considered an exceptional condition and not intended to encourage unauthorized improvements in the ROW or Town Owned Property. Approval of a retroactive license is entirely discretionary, and the Town Manager or designee is under no obligation to consider or grant such. Approval of a retroactive License Agreement authorizes the continued presence of an existing encroachment on a prospective basis only. Such approval does not ratify or legalize the original unauthorized construction, does not constitute a waiver of the underlying violation, and does not limit or waive the Town's authority to revoke the license or require removal of the encroachment in the future.

Town staff may consider a retroactive License Agreement if the unlicensed improvements meet the standards specified in section IV Approval Authority, above, and meets the legacy enforcement threshold review, below. All approved retroactive License Agreements shall be recorded with the County and be on file with the Town Clerk.

V. Legacy Encroachment Threshold Review

In considering any Legacy Encroachment request for retroactive licensing, Town staff shall conduct a threshold review prior to determining whether removal will be required or whether the owner may apply for a discretionary retroactive License Agreement. The threshold review shall be applied uniformly and shall include, at a minimum, evaluation of the following:

1. Whether the encroachment presents a current or potential health or safety hazard;
2. Whether the encroachment impairs ADA access, pedestrian mobility, drainage, utilities, or emergency access;
3. Whether the encroachment conflicts with existing or reasonably foreseeable Town capital projects, public improvements, or maintenance activities;
4. Whether the encroachment occupies or privatizes public property intended for public access or parking;
5. Whether the encroachment complies with all applicable provisions of the Town Code without the need for a variance, exception, modification, or appeal of any code requirement; and
6. Whether the encroachment exceeds minor or incidental use of the public ROW.

Failure to satisfy any individual threshold criterion shall require removal of the encroachment and shall render the encroachment ineligible for a retroactive License Agreement. Any Legacy Encroachment that requires, seeks, or is the subject of a variance, exception, modification, or appeal from a Town Code requirement shall be ineligible for retroactive licensing and shall be subject to removal.

Town staff may solicit and consider written public comments received during the threshold review process; however, no level of neighbor consent or opposition shall be determinative, and failure to obtain neighbor support shall not create entitlement or bar removal.
Town staff shall prioritize enforcement in the following order: (1) Private Improvements in the ROW or Town Owned Property posing immediate hazards; (2) Private Improvements in the ROW or Town Owned Property impairing compliance or function of the ROW or Town Owned Property; and (3) Private Improvements in the ROW or Town Owned Property creating aesthetic issues such as blight or nuisances such as light pollution.

VI. Notification and Enforcement Procedures
For newly discovered unpermitted Private Improvement in the public ROW or Town Owned Property, the Town will issue an initial notice requiring the owner to apply for a License Agreement or to remove the Private Improvement. If unresolved after thirty (30) days, the Town will issue a second notice that constitutes a formal violation, and the owner will not be eligible for a discretionary License Agreement. If the owner fails to address the Private Improvement in the public ROW or Town Owned Property after fifteen (15) additional days, Town staff will proceed as allowed by law. These timeframes shall constitute mandatory deadlines unless extended in writing by the Town Engineer for good cause shown.

Private Improvements in the public ROW or on Town Owned Property that pose an immediate hazard may be summarily removed by the Town pursuant to §23.30.005 and §23.30.055, with post-removal notice provided and costs billed to the property owner or responsible party by the Town.

Town staff or its contractor(s) may enter upon the encroached area of ROW or Town Owned Property to conduct inspections, abatement, or removal as authorized by this policy or the Town Code.

At no time does an unpermitted Private Improvement create a vested right in the public ROW or Town Owned Property. For Legacy Encroachments, eligibility for retroactive licensing shall be governed by the Legacy Encroachment Threshold Review, notwithstanding the general notice timelines described above.

VII. Fees and Regulatory Cost Recovery
The Town shall recover the reasonable costs incurred in administering, reviewing, inspecting, enforcing, renewing, and recording License Agreements and related encroachment authorizations through regulatory cost recovery fees adopted by resolution of the Town Council.

Regulatory cost recovery fees are imposed pursuant to the Town's police power and Government Code sections 66014 and 66016 and are limited to recovery of the Town's actual and reasonable costs for services provided. Such fees are not imposed for the use, occupancy,

or privatization of public property and shall not exceed the cost of providing the applicable regulatory service.

Recoverable regulatory costs may include, but are not limited to:
- Application intake and processing
- Engineering, public works, and planning review
- Field inspections and compliance verification
- Legal review and document preparation
- Coordination of recordation and file maintenance
- Periodic compliance monitoring and renewal processing
- Enforcement staff time short of physical abatement or removal

Regulatory cost recovery fees shall be established, amended, and periodically reviewed based on a documented cost nexus study and adopted by resolution of the Town Council.

VIII. License Consideration for Use of Public Property

Separate and apart from regulatory cost recovery fees, the Town may require payment of consideration as a condition of approval of a License Agreement to compensate the Town for the private use or occupancy of public right of way or Town Owned Property.
License consideration is imposed under the Town's proprietary authority and constitutes contractual consideration for the grant of a revocable license to occupy public property. License consideration is not a regulatory fee, is not imposed pursuant to the Town's police power, and is not subject to the limitations applicable to regulatory cost recovery fees.

License consideration, if required, shall be established in the License Agreement and may include one time or recurring payments based on factors such as the extent, duration, location, and nature of the encroachment, the degree of exclusivity or privatization of public property, and the private benefit conferred.

The imposition or amount of license consideration shall be determined by the applicable approval authority consistent with this policy and shall be independent of any regulatory cost recovery fees or performance security requirements.

IX. Appeals

Code citations and enforcement actions may be appealed in accordance with procedures established in the Town Code. Decisions on discretionary License Agreements are final and not subject to administrative appeal, except where appeal is expressly provided by law.
Denial of a discretionary License Agreement request shall not be appealable, and approval or denial remains within the sole and absolute discretion of the Town.
Decisions to revoke an existing License Agreement shall not be appealable. Denials of initial or retroactive license requests remain non-appealable unless expressly authorized by law.

X. Implementation

The Town's Parks and Public Works Department reviews grading, excavation, and drainage matters for the proposed Private Improvements in the public ROW or Town Owned Property,

administers the permit, License Agreement, and inspections; the Town Attorney's Office reviews License Agreements; and the Community Development Department ensures compliance with the Town Code zoning ordinances and provides enforcement.

XI. Effective Date and Amendments

This policy is effective upon adoption and may be amended by the Town Council or Town Manager as necessary to remain consistent with Town Code and California law.

APPROVED AS TO FORM:

_____

Gabrielle Whelan, Town Attorney

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 17

DATE: January 8, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Receive the Bi-Annual Police Services Report for July – December 2025**

RECOMMENDATION: Receive the bi-annual update from the Los Gatos-Monte Sereno Police Department (LGMSPD) outlining staffing, training, operations, community engagement, and strategic efforts from July 1 through December 31, 2025, while also highlighting the workload, impact, and preparation underway for major regional events in 2026

FISCAL IMPACT:

There is no negative fiscal impact to the Town associated with receiving this report or the content.

STRATEGIC PRIORITY:

This item aligns with the strategic priority of emergency resiliency and response capabilities, along with prudent financial management and ensuring a safe feeling in Los Gatos. It also aligns with several of the Town's Core Goals, including Good Governance, Civic Engagement, Fiscal Stability, and Public Safety.

BACKGROUND:

The second half of 2025 reflected a period of substantial transformation, workload, and measurable impact for the Los Gatos-Monte Sereno Police Department. This report captures LGMSPD's continued dedication to excellence in public safety, strategic planning, technology implementation, and community trust-building.

PREPARED BY: Jamie Field
Chief of Police

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

- LGMSPD executed major projects, including the approved contract and start of the full-scale implementation of the Axon ISLE 10+ (Drone for First Responders, Real Time Crime Center, translation, and other valuable functionality and equipment), procurement of mobile data computers, automation of subpoenas and DA filings, false alarm ordinance approval and automated management system, and progress on the DLR space assessment of the Police Department buildings.

- LGMSPD managed over 3,900 training hours, hosted large-scale community events like Halloween and the 69th Children's Holiday Parade, and navigated lean staffing through targeted recruitment and commitment to efficiency.

- LGMSPD also operationally prepared for unprecedented regional events coming this year (2026), such as Super Bowl 60, FIFA World Cup, and the 250th Anniversary of U.S. Independence.

This high level of performance was achieved without expanding the Department's staffing footprint, and while fulfilling daily responsibilities across enforcement, community outreach, dispatch services, and emergency preparedness.

DISCUSSION

Staffing, Recruitment, and Retention

Despite limited personnel capacity, the Department successfully hired one Records Specialist, three Officer Trainees, and one Lateral Officer from a combined applicant pool of over 768 applicants (417 sworn and 351 Records Specialist applicants).

This achievement came amid continued reliance on overtime, training pipeline management, and schedule flexibility to meet operational demands. As of December 31, 2025, LGMSPD had, 27 deployable sworn officers for daily operations out of 39 budgeted. The vacancies are due to two officers in the police academy, protected leave, and vacancies. There were several retirements during this period, including an Officer, Sergeant, and a Captain.

The Department's recruitment pipeline remains active, though public safety market competition, along with complexities of background clearance requirements and timelines, continue to affect the onboarding velocity. There are oral boards scheduled almost monthly in the coming months. The Department's efforts to accelerate hiring timelines without compromising quality, including hosting six oral boards in six months. A competitive recruitment strategy, including accelerated oral boards, updated outreach materials, and stronger candidate tracking and engagement, has enabled the Department to maintain momentum during lean staffing conditions.

Beyond numerical metrics, the human capital reality of LGMSPD is a testament to both

dedication and strategic compromise. Each unfilled position represents not just a vacancy but a shift in workload to remaining staff, many of whom absorb additional duties while maintaining response standards. This has a downstream impact on wellness, training time, and the Department's ability to provide non-enforcement services. For example, community engagement and preventive patrols often yield to urgent calls, investigations, and mandated follow-ups. Recruitment challenges stem not from lack of effort, but from a competitive public safety labor market in the Bay Area and the rigorous standards LGMSPD maintains to preserve culture and quality that this department is proud of and known for.

These panels processed a cumulative applicant pool of 768 individuals. From this extensive pool, the Department hired 1 Records Specialist, 3 Officer Trainees, and 1 Lateral Officer. While the numeric yield may seem modest, this is reflective of the Department's high standards in background, ethics, fitness, and community alignment. Each candidate undergoes an intensive multi-phase process, including testing, oral interviews, backgrounding, polygraph, psychological, and medical evaluations.

LGMSPD's Field Training Program remained active throughout this period, with training officers often managing dual responsibilities. The scale and selectivity of the hiring process reflect a dual imperative: the urgent need to fill vacancies, and the non-negotiable requirement to preserve cultural integrity and public trust. Each new hire represents thousands of dollars and hundreds of hours in processing and onboarding. For every one position filled, approximately 100 applicants were screened, a reality that underscores the labor-intensive and mission-critical nature of hiring in public safety.

Training and Professional Development

From July to December 2025, LGMSPD personnel completed 3,949 hours of structured training across a diverse spectrum of professional competencies. This training investment includes over 2,000 hours of POST Academy instruction, 284 hours of SWAT training, 516 hours in specialty positions, and targeted instruction in leadership, investigations, traffic, Crisis Intervention Training, and field operations. The Department also hosted and participated in high-value courses such as Field Training Program Update, substance abuse awareness and enforcement, and core or specific investigative skills.

Training remains a critical retention tool and a driver of operational excellence. LGMSPD continues to leverage both Police Officer Standards and Training (POST) funded and grant-supported opportunities to reduce training cost while maximizing impact.

The Department also facilitated Red Cross First Aid and CPR training for 24 CERT and DART volunteers at the EOC in November 2025, enhancing volunteer readiness.

Not all training hours are created equal; the quality, diversity, and strategic alignment of training content are what make LGMSPD's investment particularly noteworthy. From state-

mandated curriculum to future cutting-edge virtual reality scenarios under the Axon suite, LGMSPD is building a workforce equipped to meet today's and tomorrow's policing needs. Investments in Investigative Core Course certifications and digital cell phone / forensic analysis expand investigative reach, while internal FTO updates and supervisor development strengthen succession readiness. Training is also a core retention strategy. Officers who feel they are growing professionally are more likely to stay and invest back into their community. LGMSPD's 3,949 training hours reflect a department that isn't merely checking boxes, but strategically upskilling its people.

Community Engagement, Explorers, and Volunteerism

LGMSPD remained deeply engaged with the community during the second half of 2025, prioritizing visibility, transparency, and collaboration. The Department welcomed four new Police Explorers and three new Disaster Aid Response Team (DART) members, strengthening its pipeline of future volunteers. These individuals received orientation and training, and became fully active participants in event support and outreach deployments. The cumulative engagement hours by Explorers and DART/CERT exceeded 450 hours from July to December 2025, including parade support, training attendance, first aid coverage, and logistical staging.

Volunteers were integral to major event operations, including the Halloween deployment and the 69th Annual Children's Holiday Parade. CERT and DART members contributed to traffic control, crowd management, and first aid services, often working side by side with sworn personnel. Volunteers in Policing conducted 575 vacation checks during this reportable period and many Welcome Packets. Additionally, there were two Neighborhood Incident Command Posts (NICPs) completed during this reportable period to provide improved access and resilience for CERT Neighborhoods supported by CERT Leads.

In addition to traditional engagement methods, the Department significantly expanded efforts in traffic safety education and enforcement, most notably around e-bike usage and through the addition of another trained motor officer. In response to community concern, LGMSPD launched targeted saturation patrols in school zones, conducted education campaigns, and distributed a 2025 E-Bike Safety Brochure in collaboration with Safe Routes to School and the Youth Commission. There was also an immense partnership with both school districts in educating and curbing unsafe e-bike behavior, and whether e-bikes would be allowed on campuses and when.

The Department's presence at school events, civic forums, and business walkabouts further emphasized its commitment to being a proactive, collaborative partner in community safety. Community engagement remains one of LGMSPD's most differentiating attributes. The Department doesn't simply respond to calls, it invests in trust, participation, and safety ownership through connecting with the community that we serve.

LGMSPD engaged community members at National Night Out, Annual LGMSPD Recognition

Luncheon at the JCC, and Neighborhood Watch meetings, often with 15-30 community members present. We also participated in presentations to service clubs, Terraces, faith based organizations, and preschools. These interactions create a partnership and shared vigilance.

The Youth Commission started anew with the school year and under their 2025 updated ordinance. The Youth Commission is supported by the Office of the Chief throughout monthly meetings, and its Council approved two-year work plan that is currently underway, with a report out forthcoming in May 2026.

Technology Modernization, Innovation, and Major Project Implementation

LGMSPD made substantial progress in implementing several Council-approved initiatives during this reporting period. These include the Axon ISLE 10+ technology suite, mobile data computer deployment, false alarm permit ordinance overhaul, and implementation of TurboData for alarm billing and code enforcement integration.

Each of these initiatives required extensive staff coordination, program development, interdepartmental alignment, vendor management, training, and public messaging. For example, the implementation of TurboData required technical integration with Town systems, internal workflow changes, and design of community-facing materials. The successful rollout of CourtNotify automated subpoenas also reduced sworn overtime related to court appearances.

One of the most transformative achievements during this reporting period was the Council-approved Axon ISLE 10+ agreement. This 10-year contract includes upgrades to the Department's body-worn and in-car camera systems, virtual reality training environments, and drone surveillance capabilities. The agreement also enables real-time operations center capabilities via FUSUS integration, supporting both transparency and situational awareness.

LGMSPD further invested in mobile data technology, acquiring and configuring 14 Panasonic Toughbooks and vehicle routers to replace aging mobile units. Automation efforts extended into Records, and automated digital report filings to the DA's Office were implemented. An update and audit of all department cell phones to allow for mobile access and automated citation ability occurred in Fall 2025 as well.

Each technology deployment is more than equipment, it is an ecosystem transformation towards modern policing. The Axon suite, for example, integrates not only cameras but cloud-based evidence management, real-time alerts, and cross-agency collaboration tools. The mobile data computer rollout is not just hardware, it ensures officers can access CAD, RMS, and dispatch information quickly and securely from the field, reducing radio traffic and increasing real-time decision-making.

CourtNotify has significantly impacted daily staffing management by removing the need for on-call court appearance prep. These gains compound over time. With automation of DA filings,

LGMSPD eliminated several hours per week in manual records transport. The technological leap over the past 6 months has been a significant staff effort and time, but has materially improved operational resilience and efficiency.

These project rollouts underscore the Department's strategic capacity and the measurable impact of Council-supported modernization efforts. As of December 2025, all major projects remain on track, but the implementation burden necessitates maintaining project stability in 2026 before initiating additional programs.

Key efficiency through technology and updating of an ordinance in this period included the revision and Council approval of the updated False Alarm Ordinance, which now encompasses residential alarm users. This was also recommended via the Meliora LGMSPD assessment report. The revised code mandates annual alarm permits, defines enforcement thresholds, and provides online permit processing, backed by the TurboData system, which also manages our parking enforcement program. Public education began in the last several months with door hangers, emails, and renewal notice inserts to existing businesses. During this reportable period, LGMSPD responded to 436 false alarms, with 216 being commercial and 220 being residential.

<u>Facility Assessment, Space Planning, and Long-Term Infrastructure Needs</u>
Following the Council-funded DLR Group assessment, LGMSPD received a comprehensive space needs evaluation in fall 2025 for both the Police Headquarters and Police Operations Building. Preliminary findings confirmed that current facilities fall short in capacity, functionality, and long-term viability to support existing or future staff and the needs of the community. The assessment projects a need for at least approximately 28,000 sq of space to accommodate full operations for a unified police facility. This work provides an actionable blueprint for future capital planning, reinforcing the importance of continued investment in public safety infrastructure as the Town grows and public expectations evolve.

The need for a modernized, consolidated police facility is not hypothetical, it is mission-critical. In December 2025, the Town experienced localized flooding due to prolonged rainfall and drainage limitations. Water levels approached the Dispatch Center's entry thresholds, raising alarms about potential operational compromise. Concurrent water intrusion also impacted shared Town offices, including in Police Headquarters, underscoring the building's vulnerability. These operational threats lend urgency to the findings of both the 2025 DLR Space Needs Assessment and the 2024 Meliora Report, which independently called for consolidation of the Police Department and its operations.

A centralized, purpose-built public safety facility is essential not only for infrastructure integrity, but for workforce efficiency and community experience. Currently, LGMSPD functions across disconnected spaces, creating duplication of effort, logistical strain, and security concerns. Records staff, dispatchers, patrol officers, investigators, and command staff work in separate

zones, fragmenting workflows that should be integrated. In addition, modern public safety facilities are designed to host multi-agency coordination, community meeting space, real-time operations centers, and scalable EOC configurations. These needs are not met in the current footprint. A co-located facility enhances both the business plan for public safety employees and the community's experience when seeking service, submitting records, or attending meetings.

Dispatch, Calls for Service, Records, and Operational Metrics

During the second half of 2025, LGMSPD Dispatch/ Communications Center handled 8,810 calls for service. Dispatchers received 4,716 9-1-1 calls, 11,108 non-emergency calls, and 10,380 Administrative calls; for a total of 26,104 calls in the second half of the year.

Records processed 1,038 reports and 790 citations, while reducing the DA submission backlog through the newly automated filing process. These metrics do not fully capture the case management workload, follow-up investigations, redaction compliance, and subpoena preparation, all of which remain labor-intensive despite partial automation.

LGMSPD maintains a response time average of under 5 minutes for Priority 1 calls (4:22), 10 minutes for Priority 2 calls (6:28), and 15 minutes for Priority 3 calls (6:59), reflecting continued efficiency under load.

Grant Funding, Financial Efficiency, and Foundation Support

LGMSPD secured the largest grant in its history just before the start of this reportable period (June 2025): a $248,955 DUI Enforcement Grant from the California Highway Patrol, supporting impaired driving reduction through directed enforcement, education, and equipment. These grant benefits have shown through officer training during the second half of 2025 and the procurement of two dedicated DUI enforcement vehicles.

The Department also received a POST Innovation Grant to fund its 2026 leadership offsite retreat, aimed at strategic planning, resiliency, and succession development. Support from the Los Gatos-Monte Sereno Police Foundation remained strong, with funding provided for ballistic helmets, the Annual Police Recognition Luncheon, Axon 10+ contribution, training, National Night Out, and more. The Department continues to model strategic fiscal stewardship through grants, partnerships, and LGMS Police Foundation support.

Special Event Management: Halloween, Los Gatos in Lights, Children's Holiday Parade

LGMSPD successfully led operations for several of the Town's largest community events: Halloween Night, Los Gatos in Lights, and the 69th Annual Children's Holiday Parade. These events required mobilization of sworn and non-sworn personnel, coordination with CERT/DART and Explorers, Parks and Public Works, Economic Vitality, and event organizers. The Department's professional handling of these events exemplifies the value it delivers beyond traditional enforcement.

The workload for major event operations is often invisible to the public. Planning and multiple meetings for Halloween began months in advance, with risk assessments, staff coordination, traffic planning, and deployment rosters. During the Children's Holiday Parade, over 30 LGMSPD personnel were deployed, managing tens of thousands of attendees. Crowd monitoring posts were staffed for hours, with staff balancing visibility, response capability, and public relations duties in a compressed downtown footprint. The evening prior, Explorer volunteers and sworn staff were present to staff and assist with the Los Gatos in Lights event as well.

Super Bowl LX and Regional Event Readiness for 2026

While Super Bowl LX will be hosted outside Town limits, LGMSPD is executing a regional readiness plan that includes proactive staffing, special deployment scheduling, and contingency resource allocation. Past major events (e.g., Super Bowl 50) have taught that the weeks leading up to and following major sporting events become stages for a wide spectrum of public safety challenges. These include, but are not limited to, unsanctioned gatherings, watch parties, celebratory motorcades, nightlife surges, protest activity, public intoxication, and regional traffic congestion. The post-event period often presents its own set of risks, particularly with crowd dispersal and celebratory behavior.

To mitigate these challenges, the Department has issued early overtime postings, engaged in inter-agency planning calls and meetings, and aligned with County resources. The FIFA World Cup and 250th Independence Celebration, both in planning phases, will require similar posture and interdepartmental support but over a much more expanded period of time between June and July 2026. These events necessitate ongoing coordination, demand forecasting, and operational agility. The Department's preparation ensures the Town remains safe, visible, and connected during nationally significant events.

The operational implications of Super Bowl LX, FIFA World Cup qualifiers, and the 250th Independence Celebration extend far beyond the physical boundaries of their respective venues. While Levi's Stadium may serve as the host location for Super Bowl and World Cup activity, the regional footprint, including the Town of Los Gatos, is directly impacted by the influx of spectators, visitors, media, and security demands.

In preparation, LGMSPD has designated "no time off" periods of a week in February 2026 (Super Bowl operations) and an extended period in June to July 2026 (FIFA World Cup operations). These blackout dates ensure sufficient surge staffing and contingency deployment options are in place, but also come at an increased staffing cost to the Town. These weeks will require command-level oversight, dedicated traffic posts, and ongoing mutual aid coordination.

The workload burden on LGMSPD staff leading up to and during these periods is significant, not only due to the expanded hours but also to the complexity of training, preparing collateral teams, anticipating and responding to unpredictable public behavior. Officers will be operating

under extended work plans and at heightened alert, making wellness and resiliency planning a necessary complement to operational planning.

This is a defining opportunity for LGMSPD to demonstrate regional partnership in regional coordination, tactical readiness, and public service under high visibility. Council's awareness of these demands is essential as planning intensifies over the coming weeks.

Strategic Direction, Risk, and 2026 Outlook

Looking ahead, LGMSPD's strategic focus will center on completing current projects, continuing recruitment, deepening community relationships, and preparing for regional events. Risk factors include staffing volatility, recruitment lag time, and demand surge tied to regional events. However, the Department is positioned to meet these challenges. The strategic direction is clear: complete what has been started, remain agile, and invest in both people and platforms. The payoff will be a safer, more connected, and future-ready Los Gatos.

Looking ahead to 2026, the Department will host its formal Department Meeting, the first such gathering in three years. This all-staff event will feature a renewed articulation of the Department's vision, goals, and operational methodology. The intent is to re-energize the workforce, reinforce shared purpose, and ensure every member understands the roadmap for service delivery and professional development.

CONCLUSION

The Department remains deeply committed to delivering high-quality, responsive public safety services. This report demonstrates a period of intense execution, innovation, and preparation for the future. With the support of the Town Council and the community, LGMSPD will continue to serve as a trusted, transparent, and adaptable organization. However, the current volume of mission-critical projects, upcoming regional events, and staffing structure necessitate a cautious consideration of new initiatives during 2026. This period will focus on stabilizing, delivering, and reinforcing the systems, programs, and operations now underway.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

TOWN OF LOS GATOS
TOWN COUNCIL REPORT

MEETING DATE: 01/20/2026
ITEM NO: 18

DATE: January 20, 2026

TO: Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: Discussion, consideration, and Possible Action to Provide Direction on Revenue Measure Options and Next Steps Including Engaging Professional Services to Support the Evaluation Effort in an amount Not to Exceed $80,000

RECOMMENDATION:

Staff recommends that the Town Council consider:

1. Authorizing the Town Manager, or designee, to pursue special legislative authorization from the State Legislature in the 2026 session to exempt Los Gatos from the statewide 2 percent combined district sales tax cap, preserving the Town's legal ability to place a general transactions and use (sales) tax measure on the November 2026 ballot.
2. Authorizing the Town Manager, or designee, to engage specialized professional consultants to facilitate special legislative authority to preserve the option for a transactions and use tax and to engage other such professionals to properly inform the Town Council regarding a possible revenue measure not limited to a transaction and use tax for work up to and including potential action related to that specific measure.
3. Allocate $80,000 from the General Fund unassigned fund balance for professional services to continue work related to a possible revenue measure that the Town Council may consider for the November 2026 election.

FISCAL IMPACT:

The estimated cost is $80,000 for professional services to preserve the Town's ability to consider a future revenue measure. The allocation may need to be increased depending on the type of measure, approach, and steps required to implement any Council-identified measure.

STRATEGIC PRIORITIES:

One of the top three 2025-2027 Strategic Priorities includes ensuring "*…prudent financial*

PREPARED BY: Kristina Alfaro
Administrative Services Director

Reviewed by: Town Attorney and Town Manager

management to result in structurally balanced five-year forecasts and fully funded five-year Capital Improvement Plans, managing liabilities such as pension costs and leveraging the Town's assets, efficiencies, partnerships, and revenue streams. Define and implement a cohesive deferred capital improvement program for Town facilities and lifecycle assets. (Goal: Fiscal Stability)"

BACKGROUND:

The Town of Los Gatos is recognized as a safe, attractive, and welcoming community with high-quality public amenities and a strong overall quality of life. Over many years, residents, businesses, and visitors have benefited from well-maintained streets and parks, vibrant downtown activity, responsive public safety services, and programs that reflect the Town's small-town character and unique sense of place.

Continued reliance on economically sensitive revenues and expenditure assumptions that are not assured creates risk

Recent financial results show that the Town closed Fiscal Year 2024-25 with an increase in General Fund unassigned fund balance. However, a review of the updated Five-Year Forecast (**Attachment 1**) indicates this outcome was driven largely by variable increases, which are not indicative of sustainable structural balance over the long term.

On the revenue side, the surplus relied heavily on interest income, which surged to $3.1 million in FY 2024-25 due to market conditions but is projected to drop to $1.6 million in FY 2025-26 and further to $1.1 million by FY 2027-28. Additionally, the Town faces specific risks, such as a projected $0.4 million decline in Transient Occupancy Tax in FY 2026-27 due to a specific hotel closure, and stagnating Property Tax estimates, which assume zero growth between FY 2025-26 and FY 2026-27.

On the expenditure side, FY 2024-25 salary actuals ($22.4 million) were artificially low due to significant vacancy savings. With limited restrictions on hiring and overtime, salary costs could rise to $25.4 million, a $3.0 million increase, if full staffing or increases in overtime occur. Another Bay Area city is currently experiencing this condition, resulting in critical impacts on fiscal stability, necessitating layoffs and service reductions. Other cities are grappling with significant deficits and considering how to best close their funding gaps. Thus, Los Gatos is not alone.

For the FY 2025-26 budget, Town staff and the Finance Commission strengthened the accuracy of revenue and expenditure assumptions. In this detailed review, the Town approved a budget that included reductions but still relied upon $0.9 million in the use of unassigned fund balance. The purpose of planning the use of fund balance is to ensure reductions to key programming do not occur until a deficit is actually incurred. During the year, additional appropriations increased the projected operational deficit to $1.1 million for FY 2025-26.

Recent fund balance growth should not be interpreted as evidence that the Town's long-term revenue structure is sufficient to sustain current service levels. While the Town has not needed to dip significantly into reserve balances yet, reliance on one-time or volatile activity that does not ensure structurally balanced future budgets, combined with not fully accounting for increasing personnel costs and future capital and deferred maintenance needs, creates risk. Should economic dynamics change, the Town would face the need to quickly reduce expenditures with little lead time. Additionally, the halting of transfers for capital projects limits the ability to address accumulating infrastructure needs.

The Town is currently undertaking financial and fiscal impact analysis studies, which will provide a more refined outlook and Ten-year forecast leading up to a final report in April/May 2026. While the Town Council can wait for the results of these studies, it may lose the ability to respond this calendar year with some options to reduce the impact on programs, services, and capital projects.

Capital and Operational Needs far outpace available and projected revenues

While the Town is not facing an immediate cash flow crisis, it faces a growing structural gap between available resources and the costs required to maintain aging infrastructure, meet emergency preparedness expectations, and modernize facilities. Without identifying new, reliable sources of funding, the Town cannot address significant obligations that are not fully captured in the annual operating budget.

Recent staff reports and condition assessments have quantified the magnitude of these unfunded liabilities. As detailed in Table 1 below, when escalating known maintenance and capital needs to 2025 dollars (at a 4% adjustment), the Town faces over $300 million in one-time unfunded liabilities, in addition to significant ongoing operational costs for wildfire safety.

Table 1: Summary of Unfunded Capital and Operational Needs (Escalated to 2025)

Category	Specific Need	Estimated Cost (2025)
Streets & Roads	Pavement & Infrastructure	$172,678,480
Public Safety	New Police Ops Building / EOC	$50.4M – $66.0M
Parks & Assets	Parks Deferred Maintenance	$29,316,560
Park Rehabilitation	Soccer Field Turf Rehab	~$2,500,000
Storm Drains	Drainage Infrastructure	$24,051,560
Town Facilities	Building Maintenance & Repairs and Capital	$22,639,670
Wildfire	Critical Infrastructure	$6.0M – $11.0M
Wildfire Operations	Comprehensive Wildfire Program	$2.1M – $3.0M

Note: IT Needs identified in previous assessments ($310,000) have been funded in the 25/26 cycle and are removed from this list.

Assessment of Service Gaps

Streets, Roads, and Storm Drains

The Town's infrastructure needs constitute the largest financial liability. Escalated to 2025 costs, the Capital Infrastructure Needs assessment identifies approximately $172.7 million in unfunded needs for streets and roads. Additionally, storm drainage improvements now total over $24 million. This includes critical drainage infrastructure on major thoroughfares like Los Gatos-Almaden Road and essential improvements required to prevent system failures.

Public Safety Facilities

The Police Operations Building (POB) and the Civic Center require significant investment. The POB currently forces split operations that create inefficiencies and is stretched to meet current security standards. A study is underway to evaluate consolidating all Police Department staff into one building, with results expected in spring 2026. Preliminary information suggests 28,000 to 30,000 square feet of space is needed to support the Department and a modern Emergency Operations Center. The cost of constructing this facility is estimated between $50.4 million and $66 million ($1,800–$2,200 per sq. ft.), exclusive of land acquisition.

Parks and Public Assets

Unfunded needs for Town parks, escalated to 2025, are estimated at $29.3 million. This backlog impacts community staples, including playground replacements at Oak Meadow Park and La Rinconada Park, irrigation system replacements, and trail connectivity projects. Furthermore, this assessment does not account for the approximate $2.5 million necessary to rehabilitate soccer field turf that has reached its end of life, nor does it include the benefits of increasing tree and park strip improvements in residential and commercial areas.

Town Facilities and Deferred Maintenance

Town-owned buildings face a combined maintenance and capital shortfall of nearly $22.6 million ($21.1 million in deferred maintenance and $1.5 million in capital needs) over the next 11 years. It is important to note that these figures represent the cost to maintain current operations and generally do not include necessary modernization or expansions.

Wildfire Mitigation and Emergency Preparedness

Beyond capital infrastructure, the Town faces ongoing operational gaps. As outlined in the December 16, 2025, staff report, implementing a "Comprehensive Program" (Scenario 3) to adequately address wildfire risks requires an annual operating investment of approximately $2.1 to $3.0 million. This is in addition to $6 to $11 million in one-time capital costs over the next 5 to 10 years for critical infrastructure such as evacuation route widening and strategic fuel breaks.

Many of these items represent proactive investments intended to reduce long-term risk and liability, rather than discretionary enhancements. Absent additional ongoing revenue, addressing these unfunded needs requires continued deferral.

Community Priorities and Service Sustainability

Results from the 2025 Community Survey indicate that Los Gatos residents rate the Town very highly in areas that most directly shape quality of life, safety, and community character. Residents expressed particularly strong satisfaction with Town library services, parks and recreation facilities, and police services. However, the survey also highlights that residents place the greatest importance on maintaining these outcomes over time.

The community investment areas with the highest levels of resident support include maintaining streets, sidewalks, and storm sewer systems, improving traffic flow, maintaining 911 response times, and strengthening disaster preparedness. The responses suggest that while satisfaction remains high, targeted investment in transportation, pedestrian safety, and emergency preparedness is necessary to maintain resident confidence. Ensuring the ability to sustain high-performing core services and responsibly address identified and emerging needs will require reliable, ongoing funding aligned with these community expectations. Current budget capability does not provide sufficient resources to fully address the needs identified in the community survey.

Strategic Positioning: Preserving Options and Preparing for the Future

The preceding background illustrates that while Los Gatos is currently managing its budget through one-time resources and vacancies, this is not a sustainable long-term strategy given the magnitude of known capital and operational obligations.

It is important to frame the current situation accurately. The Town is not currently in a fiscal emergency that forces the Council to place a measure on the November 2026 ballot as a last resort to avoid immediate insolvency. The Town retains a degree of fiscal stability that allows for thoughtful planning rather than reactive crisis management.

However, relying on the current revenue structure to support future needs creates significant risk. By the time a structural deficit becomes critical, or a major infrastructure failure occurs, it will likely be too late to develop a thoughtful revenue measure to address it. Responsible governance requires that the Council evaluate potential revenue options before the need becomes acute.

The purpose of the current discussion is to ensure the Town does not find itself in a position where it is forced to react to a financial crisis without a plan. By exploring revenue options now, the Council preserves the optionality to act in November 2026 if it deems necessary, or to defer action with a clear understanding of the trade-offs regarding service levels and deferred maintenance. This proactive approach ensures that if a potential revenue measure is considered in the future, it is not the first time the concept has been vetted.

Accordingly, the following discussion section articulates the specific revenue options available to the Town, along with the timing, feasibility, and strategic considerations for each. This analysis is intended to provide the Council with the necessary information to weigh the benefits of securing additional revenue against the option of maintaining the status quo, ensuring that any future decision is made deliberately and in alignment with long-term community priorities.

On January 12, 2026, the Finance Commission met and reviewed the proposed Town Council staff report and provided support to proceeding with engaging the professional services necessary with funding authority of up to $80,000 to preserve the Town's ability to consider a revenue measure in November 2026 including special legislative authority for a higher transaction and use tax as well as to consider other potential revenue measure options. The Finance Commission also supported waiting until the results of the financial analysis and impact analysis currently being performed by NHA Advisors prior to deciding on whether to proceed for November 2026.

DISCUSSION:

In the case of addressing deficits, the Town has the option to either 1) increase revenue, 2) decrease expenditures (generally reducing the level of service), 3) reduce the scope of services supportable by available stable revenue (eliminating functions), or 4) implement a combination of all the above.

For FY 2025-26, the Town already included revenue increases, such as higher revenue from agreements such as the Town's contract for police services with Monte Sereno and increases to fees and charges. On the expenditure reduction side, the Town executive staff implemented some internal expenditure reductions, which included the elimination of annual funding for future capital projects. When both were combined, the Town still approved a deficit spending budget, but with a smaller use of reserve fund balance than projections would have necessitated.

On the Capital Improvement side, the Town implemented a tiered schedule for its five-year capital improvement program and reduced the projects programmed. The schedule included three tiers to classify capital projects, which included

- Tier 1 – projects scheduled in a specific year with allocated funding and staff capacity to perform,
- Tier 2 – projects to be considered next when funding and staff capacity are available, and
- Tier 3 – all other projects that are neither scheduled nor considered in the five-year schedule.

In the case of the Town's efforts to reduce the structural deficit, the Town did not consider reducing service levels for the base services, nor do any of the efforts address the multi-million

dollars discussed in the *Additional Capital and Operational Needs* section above or identified through the Town's 2025 community survey.

Town's Primary Ongoing Revenue Sources are Property Tax and Sales Tax Based

The Town's updated Five-Year Forecast demonstrates that the General Fund remains heavily dependent on property-related revenues, with FY 2026-27 projected property tax and Vehicle License Fee backfill totaling approximately $27.9 million, compared to roughly $8.4 million in combined sales and use tax and Measure G district tax, confirming that property tax is the Town's single largest revenue source and sales tax is the next largest.

In that same forecast year, other major categories such as transient occupancy tax (about $2.4 million), business license tax (about $2.6 million), licenses and permits (about $6.3 million), and charges for Town services (about $5.0 million) play important but secondary roles, underscoring that the Town's ability to sustain core services and address long-term obligations will continue to hinge on the performance of these top two revenue streams.

Given the scale and breadth of identified capital, wildfire, and facility needs relative to projected revenues, it is fiscally responsible for the Council to consider options, including a potential Town sales tax measure, a parcel tax, a bond measure, and more targeted tools such as assessment districts or Landscaping and Lighting Districts. Considering these options do not require the Town to pursue a measure in 2026, but they provide the Town with approaches to addressing the projected structural gap for existing activity, as well as for the significant additional capital and operational needs, in addition to the approaches of reducing expenditures by service level reductions or program elimination.

Revenue Measures Require Multiple Steps and Time to Implement with Potential Voter Approval

If the Council wishes to preserve the option of placing any local revenue measure on the November 3, 2026 Santa Clara County consolidated general election ballot, the Town will need to work backwards from the County Registrar of Voters' statutory "E-88" deadline (approximately 88 days before Election Day, in early August 2026) when the Town must adopt its election resolutions and submit the final ballot question, ordinance reference, and impartial analysis request for any measure. Leading up to that date, staff and the Council would need to:

(1) conduct preliminary study and public outreach in early 2026;

(2) finalize the proposed revenue mechanism and ballot framework in spring/early summer 2026; and

(3) complete all required external reviews, including submittal of a transactions and use tax ordinance for California Department of Tax and Fee Administration review in the case of a sales tax, coordination with the County for roll and administration details in

the case of a parcel tax, and preparation of an engineer's report and benefit methodology for any assessment district or Landscaping and Lighting District.

Because each of these steps involves iterative legal, technical, and interagency review, the combined calendar between now and the E-88 submittal date leaves very limited schedule flexibility, meaning that any path to a November 2026 measure, whether sales tax or parcel tax, would need to be pursued on a tight and carefully managed timeline. For an assessment based option, this would be decided by mailed ballots that would be counted as a council meeting of the Town's choosing, not in a general election.

Additional Consideration for Preserving the Ability to Pursue a Meaningful Sales Tax Measure

While any revenue measure will require additional review, staff work, and implementation steps, the State's 2 percent limit on transaction and use tax (sales tax) increases introduces another critical path that can delay or eliminate the Town's ability to meaningfully consider one of two major revenue options. To overcome this limitation, similar to other cities such as Campbell, Pinole, and cities in Solano County did in 2024, the Town would have to seek authority to pursue state legislative change. This additional step requires immediate consideration in order to preserve the Town's ability to consider this option.

Existing Local Sales Tax Authority

The Town of Los Gatos currently receives revenue from the statewide base sales and use tax rate of 7.25 percent, plus voter-approved district taxes (also called transactions and use taxes) applicable in Santa Clara County, including the Town's own one-eighth cent (0.125 percent) local transactions and use tax dedicated to Town purposes. California's Transactions and Use Tax Law imposes a statutory cap that generally limits the combined tax rate of all local transactions and use taxes in a jurisdiction to 2 percent. Once the 2 percent ceiling has been reached in a jurisdiction, neither the county nor a city or special district can impose an additional transactions and use tax in that jurisdiction without first obtaining special enabling legislation from the State Legislature.

Current Sales Tax Rate in Los Gatos

According to the California Department of Tax and Fee Administration (CDTFA), the current combined sales and use tax rate in the Town of Los Gatos is 9.25 percent. This rate reflects the statewide 7.25 percent base rate plus 2.00 percent in countywide and local district taxes, including the Town's 0.125 percent transactions and use tax. Although Santa Clara County voters approved Measure A in November 2025 to add a five-eighths cent (0.625 percent) countywide sales tax, that increase will not take effect until April 1, 2026, so the operative rate in Los Gatos remains 9.25 percent at this time. The Town could still seek a one-eighth cent tax without special legislation to match Milpitas or San Jose, but to seek a tax in the amount needed would exceed the cap and require special legislation similar to Campbell.

Statewide Cap on District Transactions and Use Taxes

Revenue and Taxation Code section 7251.1 establishes a 2 percent combined rate limitation for transactions and use taxes imposed under the Transactions and Use Tax Law in any jurisdiction. In determining whether this 2 percent cap has been reached in a jurisdiction, the California Department of Tax and Fee Administration aggregates all transactions and use taxes in effect within that jurisdiction. In the Town, existing taxes, including the Town's 0.125 percent tax, already use up 1.875 percent (1⅞%)of the 2 percent limit, which constrains the Town's ability to add further transactions and use taxes under general law to only one-eighth percent. A one-eighth cent sales tax would generate approximately $1.3 million, while a one-half cent would generate an estimated $5.2 million.

Need for Special Authorizing Legislation

Because of this statutory cap, any proposal for the Town to place a meaningful transactions and use tax (more than ⅛ percent) on the ballot would require specific legislative authorization that either (a) allows Los Gatos to levy an additional tax above the 2 percent combined limit, or (b) excludes the Town's new tax from counting against that limit. Absent such authorizing legislation, a Town-sponsored half-cent measure could be challenged as inconsistent with the existing cap, exposing the Town to legal and administrative risk and creating uncertainty for voters and bond or financing markets. Seeking a narrowly tailored or amended bill in the State Legislature would provide the Town with clear legal authority to ask Los Gatos voters to consider a higher local sales tax rate while maintaining consistency with the statewide Transactions and Use Tax Law.

Example of Recent Special Legislation (AB 3259)

Assembly Bill 3259 (Wilson, Chapter 852, Statutes of 2024) provides a recent example of the type of special legislation that can authorize local agencies to exceed the 2 percent cap. AB 3259 added specific chapters to the Revenue and Taxation Code allowing the City of Campbell, the City of Pinole, the County of Solano, and any city within Solano County, by ordinance or by citizens' initiative, to impose a transactions and use tax of up to 0.5 percent that, when combined with existing district taxes, would otherwise exceed the 2 percent countywide limitation. The statute further provides that a tax imposed under this authority "shall not be considered for purposes of the combined rate limitation" in section 7251.1, and includes a sunset date, January 1, 2029, if a local ordinance or initiative has not been approved by voters by that time.

Rationale for Pursuing Similar Authority for Los Gatos

With the Town's current rate at 9.25 percent, it is already almost at the full 2.00 percent in district taxes for purposes of the statutory cap, Los Gatos appears to have a 1/8th cent capacity under general law to add further Town-level transactions and use taxes without special legislation. Once the countywide Measure A increase of 0.625 percent becomes operative on April 1, 2026, the combined rate in Los Gatos will rise further. However, section 7292.5

authorized the County to impose a transactions and use tax of up to 0.625% that would not count against the 2% cap. Thus, the Town still retains some capacity, but any new Town-level tax increment above the 1/8th cents would need to be expressly authorized in statute so that it either (a) is permitted to exceed the cap or (b) is excluded from the cap calculation, as was done for Campbell in AB 3259 and for other jurisdictions in similar special bills.

Pursuing a narrowly tailored or amended bill for Los Gatos would therefore provide the legal mechanism necessary to place a half-cent measure before voters, notwithstanding the countywide cap, mirroring the approach taken in AB 3259 and comparable statutes that recognize unique fiscal circumstances while preserving the requirement that any new tax be approved by the electorate. Engaging a qualified legislative and public finance consultant at this time will allow the Town to: (1) confirm and monitor the status of the countywide rate relative to the 2 percent cap, including the implementation of Measure A; (2) develop bill language modeled on successful prior measures such as AB 3259; and (3) coordinate with legislative offices, regional partners, and CDTFA to ensure that any proposed Town measure is legally valid and administratively feasible.

Discussion of Various Revenue Options for a General Law City

The Town has several lawful options to generate additional local revenues, each with distinct voter-approval thresholds, purposes, and policy trade-offs. Broadly, these tools include a local transactions and use (sales) tax, parcel tax, utility users tax, general obligation bonds supported by a property tax override, and a variety of assessment and district-based mechanisms that fund special-benefit improvements or services. While there are other options, this report limits the options to those that are implemented more broadly in cities.

Strategic Considerations for Measure Selection

The Town's identified funding needs fall into three broad categories: ongoing operating support, capital improvements (streets, parks, facilities), and emergency preparedness (wildfire mitigation). The revenue tools available have different strengths:

- For structural operating support: A local transactions and use (sales) tax (majority-vote general tax) is best suited, providing flexible general-fund revenue that can address the operating deficit and fund ongoing services across multiple departments without legal restrictions. A sales tax also captures non-resident spending, distributing the burden beyond property owners alone. Statewide data shows majority-vote sales tax measures have achieved passage rates of 75–85% over the past five years, compared to ~35–67% for two-thirds special taxes and bonds.
- For capital improvements alongside operating support: The Town may consider pairing a sales tax measure (operating) with a separate General Obligation bond (capital). This approach is common in California and allows voters to evaluate each tool's appropriate use.
- For narrowly targeted improvements: Assessment districts (e.g., Landscaping and Lighting districts) or Community Facilities Districts may complement broader measures

by funding specific neighborhood or development-area improvements, but they cannot address Town-wide structural gaps.

Given the magnitude of the identified projected operating deficit, funding needs for the Town's top strategic priority of emergency preparedness with focus on wildfire, and the urgency of addressing significant deferred maintenance and infrastructure needs without identified revenue to support these needs, staff recommends that Council consider giving direction on whether to consider proceeding with work towards a November 2026 revenue measure, preserve the Town's ability to benefit from a broad, general transactions and use tax measure through a legislative exemption, and provide feedback on next steps for Town staff.

The Town's current three financial analyses will help with further information about the Town and may change how the Council evaluates options. However, absent additional, sustained revenue to address the significant financial needs and projected deficits, Town staff are obligated to consider the Town Council's top strategic priority for ensuring prudent financial management, which includes balancing the budget and funding necessary capital improvements. As such, the Town must work towards a plan to address the scope of services, cost footprint, and statutory obligations requiring funding within the context of a structurally balanced budget. In this scenario, all options are on the table to bring the Town into sustained balance.

Constitutional Framework

California's constitutional structure—principally Propositions 13, 218, and 26—governs how local revenues are classified, the procedures for their adoption, and the applicable voter thresholds.

- Proposition 13 limits ad valorem property taxes on real property to 1 percent of assessed value and authorizes cities, counties, and special districts to impose "special taxes" (including parcel-based special taxes) with two-thirds voter approval.
- Proposition 218 requires voter approval for all local taxes, distinguishes general from special taxes, and sets procedural and substantive requirements for assessments and property-related fees and charges.
- Proposition 26 broadly defines "tax" and narrows the range of regulatory fees and other charges that may be imposed without voter approval.

Under Article XIII C, a general tax (proceeds deposited into the general fund and usable for any governmental purpose) requires majority voter approval at a regularly scheduled general municipal election at which Council Members are elected, while a special tax (proceeds legally restricted to specific purposes) requires two-thirds voter approval.

Local Transactions and Use (Sales) Tax

A local transactions and use tax (district sales tax, commonly referred to as a local sales tax) is a voter-approved tax on taxable retail sales within a city, imposed in 0.125 percent increments and administered by the California Department of Tax and Fee Administration (CDTFA). These

taxes are authorized by the Transactions and Use Tax Law, and the combined local rate in any jurisdiction is generally limited to 2 percent unless specific legislation allows an exception.

- Structure and use: A general transactions and use tax is a majority-vote measure with proceeds deposited into the Town's general fund and allocable through the annual budget, while a special transactions and use tax is a two-thirds-vote measure legally dedicated to specified purposes such as public safety, streets, or wildfire mitigation.
- Administration: After local voter approval, the Town would adopt an ordinance, contract with CDTFA for administration and collection, and receive distributions as general-fund revenue.

For the Town, staff estimate that an additional 0.125 percent (⅛-cent) Town sales tax could generate approximately $1.3 million annually, while an additional 0.50 percent (½-cent) could generate roughly $5.2 million annually, making a half-cent measure a potentially meaningful tool to address the identified operating and capital funding gap. A local sales tax also captures contributions from non-residents who shop and dine in the Town, thereby reducing the exclusive burden on property owners.

Statewide experience over the past several election cycles indicates that majority-vote general sales tax measures have achieved passage rates in the range of roughly 75 to 85 percent, significantly higher than most two-thirds-vote special taxes or bond measures.

Parcel Taxes (Non-Ad Valorem Property Taxes)

A parcel tax is a non-value-based special tax imposed on parcels of real property, typically as a flat amount per parcel or based on specified parcel characteristics, and is collected on the property tax bill. Parcel taxes are widely used by cities, school districts, and special districts to fund services such as public safety, parks, libraries, or infrastructure maintenance.

- Legal structure: Under Proposition 13 and Proposition 218, parcel taxes are treated as special taxes and must be approved by at least two-thirds of the voters; they may not be based on assessed value and must avoid functioning as ad valorem property taxes.
- Implementation and equity considerations: The Town Council would define the taxable unit (e.g., per parcel or per dwelling unit), rate, duration, exemptions (such as low-income seniors), use of proceeds, and accountability provisions, with the tax then collected on the county tax roll. Because they fall solely on property owners and are often flat per parcel, parcel taxes can raise equity concerns and are generally less flexible than a general sales tax.

For the Town, a parcel tax of approximately $100 per parcel per year is estimated to generate approximately $1.1 million annually, with the exact amount dependent on the final tax structure, parcel counts, and exemptions.

Utility Users Tax (UUT) and Other General Taxes

A utility users tax (UUT) is a tax on the consumption of utility services, such as electricity, gas, telecommunications, and, in some jurisdictions, cable or refuse, by users within the Town. General law cities may also consider implementing or increasing other general taxes, including transient occupancy tax (TOT) and business license taxes, to support core services.

- Legal authority and use: Most UUTs are structured as general taxes requiring majority voter approval, though some jurisdictions have adopted UUTs as special taxes subject to a two-thirds threshold. A UUT is typically imposed by ordinance, collected by utility providers on customer bills, and remitted to the city as ongoing general-fund revenue.
- Prevalence and considerations: Approximately 150–160 California cities and several counties levy a UUT, generating on the order of $1.8–$2.0 billion annually statewide. UUT revenues can be significant and relatively stable, but policy concerns include the impact on ratepayers, and changes in consumption approaches can make this revenue option burdensome to current ratepayers.

Other general taxes, such as TOT or adjustments to existing business license taxes, may provide targeted revenue opportunities but are likely to generate less annual revenue than a Town-level revenue measure, depending on local economic conditions.

General Obligation (GO) Bonds with Property Tax Override

General obligation bonds are voter-authorized debt instruments secured by an additional ad valorem property tax rate levied above the 1 percent Proposition 13 cap, used to finance major capital improvements rather than ongoing operating costs.

- Legal and financial structure: With two-thirds voter approval, a general law city may issue GO bonds and levy a dedicated property tax sufficient to pay annual principal and interest, with the additional levy excluded from the 1 percent cap. Bond proceeds must be used for the specific capital purposes described in the ballot measure, such as facilities, infrastructure, or other long-lived assets, and cannot be used for general operations or routine maintenance.
- Use and taxpayer communication: GO bonds are commonly used to construct or rehabilitate city halls, police and fire facilities, libraries, parks, and similar infrastructure, with voter information typically presented as a total authorization (e.g., $50 million) and an estimated annual tax rate per $100,000 of assessed value.

For the Town, illustrative modeling indicates that each $10 million in GO bond authorization equates to an estimated additional property tax rate on the order of tens of dollars per $100,000 of assessed value (as an example, roughly $25 per $100,000 for a $10 million authorization), with higher authorization scaling proportionally. GO bonds can therefore be an important tool for facility and infrastructure needs but are not a substitute for a flexible revenue source to address structural operating gaps.

Assessments, Landscaping and Lighting, and Special District Options

Special assessments and district-based financing mechanisms provide additional tools to fund improvements and services that confer "special benefits" on particular properties, but they are not general taxes and cannot support broad general-fund stabilization.

- Special assessments and benefit districts: Under Proposition 218, assessments must be proportionate to the special benefit received by each parcel, require mailed notice and a property-owner balloting process, and are typically used for localized improvements such as streetscapes, storm drainage, business districts, and neighborhood amenities.
- Landscaping and Lighting Act of 1972 districts and similar mechanisms: Landscaping and Lighting Act districts, street lighting districts, and related tools are used to finance landscaping, lighting, and related improvements and services within defined boundaries, subject to Proposition 218's special-benefit and property-owner approval requirements.

Other district mechanisms, such as Mello-Roos Community Facilities Districts (CFDs), can finance infrastructure and specified services within a defined area through a special tax that typically requires two-thirds approval by the affected electors. Because these tools are geographically limited and legally tied to specific facilities or services, they are best viewed as targeted supplements for particular projects or new development areas, rather than primary tools to resolve Town-wide operating imbalances.

Recent Performance of Local Revenue Measures (Past Five Years)

Experience across California over the past five years provides important context for evaluating revenue options. Election data from November 2020 through November 2024[1] show that majority-vote general sales tax measures have enjoyed consistently high passage rates, while two-thirds measures, including parcel taxes and GO bonds, have struggled to reach the required supermajority.

- Across four election cycles, approximately 217 general sales tax measures were proposed statewide, of which about 181 were approved, for an aggregate passage rate of roughly 84 percent and annual success rates ranging from 76 to 89 percent.
- In the same period, parcel taxes and city/county special taxes and bonds requiring two-thirds approval achieved passage rates in the approximate range of 35 to 67 percent, depending on measure type and election.

Research and practitioner experience identify several factors associated with successful general sales tax measures:

- Clear articulation of community needs and specific service or project priorities.
- Strong accountability and transparency provisions, such as independent citizens' oversight, annual audits, and regular reporting.

[1] Data compiled by Michael Coleman through his website www.californiacityfinance.com

- Emphasis on public safety, emergency response, and risk reduction, which consistently resonates with voters.
- Tangible, visible improvements (e.g., streets, parks, facilities) that demonstrate the return on investment.

These statewide results do not guarantee success for any individual measure, but they do indicate that a well-designed, majority-vote general sales tax has historically offered a significantly higher probability of passage than revenue measures requiring a two-third voter threshold. Conversely, parcel taxes, GO bonds, and other two-thirds measures may be better deployed in later phases or for specific capital projects, once a general revenue foundation is in place and community support is well established.

CONCLUSION:

The Town is not yet in a fiscal emergency, but current trends, including projected operating deficits, rising personnel costs, and significant unfunded capital and wildfire needs, show that the existing revenue structure will not sustain desired service levels over time. Acting now allows the Council to preserve options, rather than waiting until a structural crisis forces abrupt cuts or rushed measures.

Authorizing pursuit of special sales tax legislation and engaging professional consultants, along with allocating $80,000 for this work, does not commit the Town to placing a measure on the November 2026 ballot. It simply ensures that, if the Council chooses to proceed, the legal foundation, technical analysis, and community engagement necessary for a well-designed, voter-ready option will be in place.

ENVIRONMENTAL REVIEW:

The recommendations in this report are administrative and procedural in nature. They do not involve any discretionary approval of a project, land-use decision, or specific physical activity that would trigger California Environmental Quality Act (CEQA) review.

The recommendations do not commit the Town to placing any revenue measure on the ballot or to implementing any specific project. Those future decisions (should the Council elect to pursue a measure, and should voters approve it) will be separate Council actions and may require individual CEQA analysis at the time the specific project or program is proposed. Accordingly, CEQA does not apply to the recommendations in this report.

Attachments:
1. Five-Year Forecast updated on December 29, 2025
2. CIP Agenda Report of November 19, 2024
3. Wildfire Report of December 16, 2025

TABLE OF CONTENTS

Contents

FY 2026-27 DRAFT FORECAST UPDATED ON 12-29-2025 3

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED WITH THE FY 2025-26 ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 12-29-2025 4

FY 2026-27 DRAFT FORECAST UPDATED ON 10-21-2025 7

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED WITH THE FY 2025-26 ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 10-21-2025 8

REVENUE BASELINE AND PROJECTION FACTORS (ADOPTED FY 2025-26 BUDGET) 11

EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-26 BUDGET - PUBLISHED 4/21/2025) 13

FY 2026-27 FORECAST IN THE FY 2025-26 ADOPTED BUDGET 15

FY 2025-26 BUDGET/FORECAST COMPARISON AS IT PUBLISHED ON 4/22/2024 COMPARED TO AS IT PUBLISHED ON 4/21/2025 16

FY 2025-26 FORECAST- PUBLISHED 4-21-2025 (HISTORICAL DETAIL ADDED ON 4/25/2025 TO PUBLICATION) 19

REVENUE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-25 BUDGET - PUBLISHED 4/21/2025) 21

EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-26 BUDGET - PUBLISHED 4/21/2025) 23

FY 2024-25 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/7/2025 25

REVENUE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/7/2025) 26

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/7/2025) 28

FY 2024-25 FORECAST- PUBLISHED 4-22-2024 FY 2024-25 PROPOSED BUDGET 30

REVENUE BASELINE AND PROJECTION FACTORS (FY 2024-25 PROPOSED BUDGET – PUBLISHED 4/22/2024) 32

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2024-25 PROPOSED BUDGET – PUBLISHED 4/22/2024) 34

FY 2023-24 MID-YEAR-REPORT AND FORECAST – PUBLISHED 2/10/2024 39

REVENUE BASELINE AND PROJECTION FACTORS (FY 2023-24 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2024) 40

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2023-24 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2024) 42

FY 2023-24 PROPOSED BUDGET FORECAST- PUBLISHED 4/17/2023 44

REVENUE BASELINE AND PROJECTION FACTORS (FY 2023-24 PROPOSED BUDGET - PUBLISHED 4/17/2023) 45

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2023-24 PROPOSED BUDGET - PUBLISHED 4/17/2023) 47

FY 2022-23 MID-YEAR REPORT AND FORECAST- PUBLISHED 2/10/2023 49

REVENUE BASELINE AND PROJECTION FACTORS (FY 2022-23 MID-YEAR REPORT AND FORECAST – PUBLISHED 2/10/2023) 50

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2022-23 MID-YEAR REPORT AND FORECAST – PUB 2/10/2023) 52
FY 2022-23 PROPOSED BUDGET FORECAST- PUBLISHED 4/18/2022 54
REVENUE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2022-23 BUDGET – PUBLISHED 4/17/2022) 55
EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2022-23 BUDGET – PUBLISHED 4/17/2022) 57
FY 2021-22 MID-YEAR REPORT AND FORECAST- PUBLISHED 2/11/2022 59
REVENUE BASELINE AND PROJECTION FACTORS (FY 2021-22 MID-YEAR AND FORECAST - PUBLISHED 2/11/2022) 60
EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2021-22 MID YEAR AND FORECAST - PUBLISHED 2/11/2022) 62
FY 2021-22 PROPOSED BUDGET - PUBLISHED 4/19/2021 64
REVENUE BASELINE AND PROJECTION FACTORS (FY 2011-22 PROPOSED BUDGET - PUBLISHED 4/19/2021) 65
EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2011-22 PROPOSED BUDGET - PUBLISHED 4/19/2021) 67
FY 2020-21 MID-YEAR REPORT AND FORECAST - PUBLISHED 2/12/2021 69
REVENUE BASELINE AND PROJECTION FACTORS (FY 2020-21 MID-YEAR AND FORECAST - PUBLISHED 2/12/2021) 70
EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2020-21 MID-YEAR AND FORECAST - PUBLISHED 2/12/2021) 72
FY 2020-21 PROPOSED BUDGET - PUBLISHED 4/19/2021 74
REVENUE BASELINE AND PROJECTION FACTORS (FY 2020-21 PROPOSED BUDGET - PUBLISHED 4/19/2021) 75
EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2020-21 PROPOSED BUDGET - PUBLISHED 4/19/2021) 77

FY 2026-27 DRAFT FORECAST UPDATED ON 12-29-2025

General Fund 5-Year Forecast
Updated 12-29-2025
(in $ million)

Revenue Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	$ 16.9	$ 18.2	$ 19.3	$ 20.0	$ 20.2	$ 21.5	$ 21.4	$ 21.4	$ 22.3	$ 23.2	$ 24.1	$ 25.1
VLF Backfill Property Tax	4.2	4.6	4.9	5.1	5.1	5.4	5.4	5.6	5.9	6.2	6.5	6.8
Sales & Use Tax	7.2	7.5	6.8	6.5	7.0	6.6	6.9	7.1	7.3	7.4	7.5	7.6
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5
Franchise Fees	2.8	3.1	2.5	1.0	1.1	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Transient Occupancy Tax	1.9	2.2	2.4	2.3	2.4	2.4	2.4	2.0	2.0	2.0	2.0	2.0
Business License Tax	1.5	2.4	1.5	2.8	3.0	2.5	2.8	2.7	2.8	2.9	3.0	3.1
Licenses & Permits	4.8	3.3	4.0	6.2	6.7	6.3	6.3	6.1	6.2	6.3	6.4	6.5
Intergovernmental	1.3	1.6	1.2	1.2	1.3	0.8	0.8	0.8	0.8	0.9	0.9	0.9
Town Services	5.3	4.6	5.9	5.2	5.7	5.7	5.7	5.3	5.4	5.5	5.6	5.8
Fines & Forfeitures	0.3	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	(1.4)	0.6	2.7	1.4	3.1	1.6	1.6	1.2	1.1	1.1	1.1	1.2
Other Sources	7.7	8.1	4.9	4.2	3.6	3.8	3.9	3.7	3.9	3.9	2.7	2.7
Fund Transfers In	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES &	$ 54.4	$ 58.4	$ 58.5	$ 58.1	$ 61.5	$ 59.8	$ 60.4	$ 59.2	$ 61.0	$ 62.9	$ 63.3	$ 65.3
Use of Capital/Special Projects Reserve	0.6	$ 2.4	$ 1.6	$ 3.7	$ 1.1	$ -		$ -	$ -	$ -	$ -	$ -
Use of Measure G Sales Tax - Operating		-	-	0.6		-		-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	0.3	-		-	-	-	-	-
Recovery	-	-	1.5	-	-	-		-	-	-	-	-
Use of Unassigned Fund Balance						-		-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	$ 57.6	$ 61.1	$ 61.9	$ 62.4	$ 62.9	$ 59.8	$ 60.4	$ 59.2	$ 61.0	$ 62.9	$ 63.3	$ 65.3

Expenditure Category	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Actuals	FY 2025-26 Adjusted Budget	FY 2025-26 Estimates	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	$ 18.9	$ 20.5	$ 21.5	$ 25.2	$ 22.4	$ 25.4	$ 25.4	$ 26.8	$ 27.6	$ 28.2	$ 28.8	$ 29.4
Overtime	1.1	1.3	1.3	0.6	1.3	0.7	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	6.5	7.1	7.4	8.8	8.3	9.7	9.7	10.3	11.0	11.8	12.0	12.3
All Other Benefits	3.7	3.8	4.3	5.6	4.9	6.3	6.3	5.9	6.2	6.4	6.6	6.9
4.6% Salary and Benefits Savings	-	-	-	(1.5)	-	(1.9)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.4	1.5	1.6	2.0	1.9	2.1	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	10.4	11.7	9.8	10.6	8.2	9.9	9.9	10.2	10.3	10.6	10.8	11.2
Grants & Awards	1.8	0.6	0.7	0.7	0.7	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.8	0.7	0.7	0.9	0.9	0.9	0.9	1.0
Internal Service Charges	2.6	2.6	3.2	4.4	4.2	4.9	4.9	5.3	5.6	5.8	6.1	6.3
Debt Service	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	$ 49.0	$ 51.8	$ 52.9	$ 59.2	$ 54.7	$ 60.1	$ 60.1	62.5	$ 64.8	$ 67.0	$ 67.5	$ 69.3
Pension	0.7	0.7	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	$ 49.8	$ 52.5	$ 53.5	$ 59.6	$ 55.4	$ 60.5	$ 60.5	$ 62.9	$ 65.2	$ 67.4	$ 67.9	$ 69.7
Capital Transfers Out to GFAR	1.2	$ 2.4	$ 1.6	$ 1.1	$ 1.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Transfer to General Liability		-	0.4	-	0.1	-	-	-	-	-	-	-
GASB 65			0.6	-	-	-	-	-	-	-	-	-
Fixed Assets/ Equipment			0.1	0.4	-	-	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	0.6	-	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	-	0.7	0.7	-	-	-	-	-	-	-	-	-
Allocate to GASB 31 Reserve					1.2	-	-					
Allocate to Pension Trust	-	0.7	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	$ 52.1	$ 56.2	$ 57.6	$ 62.1	$ 59.1	$ 60.9	$ 60.9	63.3	$ 65.6	$ 67.8	$ 68.3	$ 70.1
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ 5.5	$ 4.9	$ 4.3	$ 0.3	$ 3.8	$ (1.1)	$ (0.5)	(4.1)	$ (4.6)	$ (4.9)	$ (5.0)	$ (4.8)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include $0.1 million.

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED WITH THE 26 ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 12-29-2025

	A	B	C	D
	Revenue Category	FY 2026-27 Forecast Updated 12-29-2025	FY 2026-27 Forecast Published with the Adopted Budget	VARIANCE
1	Property Tax	$ 21.4	$ 22.2	$ (0.8)
2	VLF Backfill Property Tax	5.6	5.7	(0.1)
3	Sales & Use Tax	7.1	6.8	0.3
4	Measure G District Sales Tax	1.3	1.3	(0.0)
5	Franchise Fees	1.1	1.1	-
6	Transient Occupancy Tax	2.0	2.4	(0.4)
7	Business License Tax	2.7	2.6	0.1
8	Licenses & Permits	6.1	6.3	(0.2)
9	Intergovernmental	0.8	0.8	-
10	Town Services	5.3	5.0	0.3
11	Fines & Forfeitures	0.3	0.3	-
12	Interest	1.2	1.1	0.1
13	Other Sources	3.7	3.7	0.0
14	Fund Transfers In	0.6	0.6	-
15	**TOTAL OPERATING REVENUES &**	$ 59.2	$ 59.9	**$ (0.7)**
	Use of Capital/Special Projects Reserve	$ -	$ -	
	Use of Measure G Sales Tax - Operating	-	-	
	Use of Pension/OPEB Reserve	-	-	
	Recovery	-	-	
	Use of Unassigned Fund Balance	-	-	
16	**TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES***	$ 59.2	$ 59.9	

	Expenditure Category	FY 2026-27 Forecast Updated 12-29-2025	FY 2026-27 Forecast Published with the Adopted Budget	Variance
17	Salaries	$ 26.8	$ 26.8	$ (0.0)
18	Overtime	0.7	0.7	(0.0)
19	CalPERS Benefits	10.3	10.4	(0.1)
20	All Other Benefits	5.9	6.3	(0.4)
21	4.6% Salaries and Benefits Savings	(2.0)	(2.0)	(0.0)
22	OPEB Pay as You Go	2.2	2.2	0.0
23	Operating Expenditures	10.2	9.9	0.3
24	Grants & Awards	0.3	0.3	(0.0)
25	Utilities	0.9	0.7	0.2
26	Internal Service Charges	5.3	5.3	0.0
27	Debt Service	2.1	2.1	(0.0)
28	**TOTAL OPERATING EXPENDITURES**	$ 62.5	$ 62.7	**$ (0.2)**
30	Pension	0.4	0.4	
31	**TOTAL OPERATING & DISCRETIONARY EXPENDITURES**	$ 62.9	$ 63.1	
32	Allocate to Pension Trust	0.4	0.4	
	TOTAL EXPENDITURES & RESERVE	$ 63.3	$ 63.5	
	NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ (4.1)	$ (3.6)	

Below is the list of variances/or no changes in the Revenue and Expenditure estimates (12-29-2025).

Revenues:

Row 1 and Row 2 Column A – Property Tax and VLF Property Tax Backfill - Projected Variance - ($0.9) million decrease

Based on SCCAO November 12, 2025 and HdL Coren and Cane 12-19-2025 Preliminary Property Tax Update the 2026-27 Property Tax estimates are projected lower. This is a preliminary estimate, staff will further discuss and fine tune the property tax estimates with HdL Coren and Cane before the mid-year analysis. **Row 3 and Row 4**

Column A – Sales Tax and Measure G District Sales Tax - Projected Variance $0.3 million increase

As of October 10, 2025, Muniservices, the Town's Sales Tax consultant, provided an updated Sales Tax revenue projection indicating an increase of approximately $300,000. This revised estimate reflects stronger-than-anticipated local economic activity.

The Town is in the process of signing a Sales Tax Forecasting agreement with HdL. HdL will provide an updated look for the Sales Tax forecast.

Row 5 - Column A – Franchise Fees – No Projected Variance

No Projected Change.

Row 6 - Column A – Transient Occupancy Tax (TOT) – Projected Variance ($0.4) million decrease

The Finance Department has received the closing notification from one of the hotels. Staff is recommending decreasing the TOT base by $0.4 million.

Row 7 - Column A – Business License Tax – Projected Variance $0.1 million increase

Based on the most recent estimates, the FY 2026-27 Business License Tax is anticipated to increase by $0.1 million.

Row 8 - Column A – Licenses and Permits – Projected Variance ($0.2) million decrease

Based on the most recent estimates, the FY 2026-27 License and Permits is anticipated to decrease by $0.2 million.

Row 9 - Column A – Intergovernmental - No Projected Variance

Row 10 - Column A – Town Services - Projected Variance - $0.3 million increase

Based on Development activities, it is anticipated that the pass-through revenues will increase by $0.3 million. The corresponding pass-through expenditures are expected to grow by the same amount.

Row 11 - Column A – Fines and Forfeitures - No Projected Variance

Row 12 - Column A – Interest - $0.1 million increase

Based on updated interest rate estimates as of October 21, 2025, staff have conducted a comprehen evaluation of the current interest rate environment in relation to the Town's existing investment portfolio. The interest rate assumptions have been updated accordingly to reflect current market conditions. As the market environment continues to evolve, projected interest rates will fluctuate. Staff are actively monitoring the investment rate environment and will continue to update interest rate assumptions on a periodic basis

Row 13 - Column A – Other Sources - No Projected Variance

Row 14 - Column A – Fund Transfers In - No Projected Variance

Expenditures:

Row 17 - Column A – Salaries - No Projected Variance

Row 18 - Column A – Overtime - No Projected Variance

Row 19 - Column A – CalPERS Benefits - Projected Variance ($0.1) million decreases

Row 20 - Column A – All Other Benefits - Projected Variance ($0.4) million decreases

Row 21 - Column A – 4.6 % Salaries and Benefit Savings - No Projected Variance

Based on the 10/7/2025 Actual Salary Steps, Pension Benefits, and Medical Insurance selection, the projected Salaries and Benefits are $0.5 million less.

Row 22 - Column A – OPEB Pay as You Go - No Projected Variance

No Projected Change.

Row 23 - Column A – Operating Expenditure - Projected Variance $0.3 million increase

Operating expenditure expected to increase by $0.3 million based on estimated pass-through activities.

Row 24 - Column A – Grants and Awards - No Projected Variance

No Projected Change.

Row 25 - Column A – Utilities - Projected Variance $0.2 million increase

Operating expenditure expected to increase by $0.2 million based on FY 2024-25 actual utilities expenditures.

Row 26 - Column A – Internal Service Charges - No Projected Variance

Row 27 - Column A – Debt Services - No Projected Variance

FY 2026-27 DRAFT FORECAST UPDATED ON 10-21-2025

General Fund 5-Year Forecast
Updated 10-17-2025
(in $ million)

Revenue Category	2021/22 Actuals	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2025-26 Adjusted Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	$ 16.9	$ 18.2	$ 19.3	$ 20.0	$ 21.5	$ 22.2	$ 23.1	$ 24.0	$ 24.9	$ 25.9
VLF Backfill Property Tax	4.2	4.6	4.9	5.1	5.4	5.7	5.9	6.2	6.5	6.9
Sales & Use Tax	7.2	7.5	6.8	6.5	6.6	7.1	7.3	7.4	7.5	7.6
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5
Franchise Fees	2.8	3.1	2.5	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Transient Occupancy Tax	1.9	2.2	2.4	2.3	2.4	2.0	2.0	2.0	2.0	2.0
Business License Tax	1.5	2.4	1.5	2.8	2.5	2.7	2.8	2.9	3.0	3.1
Licenses & Permits	4.8	3.3	4.0	6.2	6.3	6.1	6.2	6.3	6.4	6.5
Intergovernmental	1.3	1.6	1.2	1.2	0.8	0.8	0.8	0.9	0.9	0.9
Town Services	5.3	4.6	5.9	5.2	5.7	5.3	5.4	5.5	5.6	5.8
Fines & Forfeitures	0.3	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	(1.4)	0.6	2.6	1.4	1.6	1.2	1.1	1.1	1.1	1.2
Other Sources	7.7	8.1	5.0	4.2	3.8	3.7	3.9	3.9	2.7	2.7
Fund Transfers In	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES &	$ 54.4	$ 58.4	$ 58.5	$ 58.1	$ 59.8	$ 60.1	$ 61.8	$ 63.7	$ 64.1	$ 66.2
Use of Capital/Special Projects	0.6	$ 2.4	$ 1.6	$ 3.7	$ -	$ -	$ -	$ -	$ -	$ -
Use of Measure G Sales Tax -		-	-	0.6	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	-	-	-	-	-	-
Use of Council Priorites - Economic	-	-	1.5	-	-	-	-	-	-	-
Use of Unassigned Fund Balance					-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	$ 57.6	$ 61.1	$ 61.9	$ 62.4	$ 59.8	$ 60.1	$ 61.8	$ 63.7	$ 64.1	$ 66.2

Expenditure Category	2021/22 Actuals	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2025-26 Adjusted Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	$ 18.9	$ 20.5	$ 21.5	$ 25.2	$ 25.4	$ 26.8	$ 27.6	$ 28.2	$ 28.8	$ 29.4
Overtime	1.1	1.3	1.3	0.6	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	6.5	7.1	7.4	8.8	9.7	10.3	11.0	11.8	12.0	12.3
All Other Benefits	3.7	3.8	4.3	5.6	6.3	5.9	6.2	6.4	6.6	6.9
4.6% Salary and Benefits Savings	-	-	-	(1.5)	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.4	1.5	1.6	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	10.4	11.7	9.8	10.6	9.9	10.2	10.3	10.6	10.8	11.2
Grants & Awards	1.8	0.6	0.7	0.7	0.4	0.3	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.7	0.9	0.9	0.9	0.9	1.0
Internal Service Charges	2.6	2.6	3.2	4.4	4.9	5.3	5.6	5.8	6.1	6.3
Debt Service	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	$ 49.0	$ 51.8	$ 52.9	$ 59.2	$ 60.1	62.5	$ 64.8	$ 67.0	$ 67.5	$ 69.3
Pension	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	$ 49.8	$ 52.5	$ 53.5	$ 59.6	$ 60.5	$ 62.9	$ 65.2	$ 67.4	$ 67.9	$ 69.7
Capital Transfers Out to GFAR	1.2	$ 2.4	$ 1.6	$ 1.1	$ -	$ -	$ -	$ -	$ -	$ -
Transfer to General Liability		-	0.4	-	-	-	-	-	-	-
GASB 65			0.6	-	-	-	-	-	-	-
Fixed Assets/ Equipment			0.1	0.4	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	-	0.7	0.7	-	-	-	-	-	-	-
Allocate to GASB 31 Reserve					-					
Allocate to Pension Trust	-	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	$ 52.1	$ 56.2	$ 57.6	$ 62.1	$ 60.9	63.3	$ 65.6	$ 67.8	$ 68.3	$ 70.1
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ 5.5	$ 4.9	$ 4.3	$ 0.3	$ (1.1)	(3.2)	$ (3.8)	$ (4.1)	$ (4.2)	$ (3.9)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include $0.1 million.

FY 2026-27 UPDATED DRAFT FORECAST COMPARISON AS IT PUBLISHED WITH THE FY 2[illegible] ADOPTED BUDGET COMPARED TO AS IT WAS PREPARED ON 10-21-2025

	A	B	C	D
	Revenue Category	FY 2026-27 Forecast Updated 10-21-2025	FY 2026-27 Forecast Published with the Adopted Budget	VARIANCE
1	Property Tax	$ 22.2	$ 22.2	$ -
2	VLF Backfill Property Tax	5.7	5.7	-
3	Sales & Use Tax	7.1	6.8	0.3
4	Measure G District Sales Tax	1.3	1.3	-
5	Franchise Fees	1.1	1.1	-
6	Transient Occupancy Tax	2.0	2.4	(0.4)
7	Business License Tax	2.7	2.6	0.1
8	Licenses & Permits	6.1	6.3	(0.2)
9	Intergovernmental	0.8	0.8	-
10	Town Services	5.3	5.0	0.3
11	Fines & Forfeitures	0.3	0.3	-
12	Interest	1.2	1.1	0.1
13	Other Sources	3.7	3.7	-
14	Fund Transfers In	0.6	0.6	-
	TOTAL OPERATING REVENUES &	$ 60.1	$ 59.9	**$ 0.2**
15	Use of Capital/Special Projects	$ -	$ -	
16	Use of Unassigned Fund Balance	-	-	
	TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	$ 60.1	$ 59.9	
	Expenditure Category	FY 2026-27 Forecast Updated 10-21-2025	FY 2026-27 Forecast Published with the Adopted Budget	Variance
17	Salaries	$ 26.8	$ 26.8	$ (0.1)
18	Overtime	0.7	0.7	-
19	CalPERS Benefits	10.3	10.4	(0.2)
20	All Other Benefits	5.9	6.3	(0.4)
21	4.6% Salaries and Benefits Savings	(2.0)	(2.0)	-
22	OPEB Pay as You Go	2.2	2.2	-
23	Operating Expenditures	10.2	9.9	0.2
24	Grants & Awards	0.3	0.3	-
25	Utilities	0.9	0.7	0.2
26	Internal Service Charges	5.3	5.3	-
27	Debt Service	2.1	2.1	-
28	**TOTAL OPERATING EXPENDITURES**	$ 62.5	$ 62.7	**$ (0.2)**
30	Pension	0.4	0.4	
31	**TOTAL OPERATING & DISCRETIONARY EXPENDITURES**	$ 62.9	$ 63.1	
32	Capital Transfers Out to GFAR	$ -	$ -	
33	Allocate to GASB 31 Mark to Market	-	-	
34	Allocate to Pension Trust	0.4	0.4	
	TOTAL EXPENDITURES & RESERVE	$ 63.3	$ 63.5	
	NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ (3.2)	$ (3.6)	

Below is the list of variances/or no changes in the Revenue and Expenditure estimates.

Revenues:

Row 1 and Row 2 Column A – Property Tax and VLF Property Tax Backfill - No Projected Variance

As of the September 12, 2025 estimate from the Santa Clara County Assessor's Office (SCCAO), projected revenues are $27,739 lower than the FY 2025–26 Adopted Budget. This is a small variance; the Finance staff does not recommend any adjustment to the FY 2026–27 Property Tax forecast at this time.

The next update from the SCCAO is scheduled for November 12, 2025, and the HdL Coren & Cone Property Tax Update is expected in January 2026.

Row 3 and Row 4 Column A – Sales Tax and Measure G District Sales Tax - Projected Variance $0.3 million increase

As of October 10, 2025, Muniservices, the Town's Sales Tax consultant, provided an updated Sales Tax revenue projection indicating an increase of approximately $300,000. This revised estimate reflects stronger-than-anticipated local economic activity.

The Town is in the process of signing a Sales Tax Forecasting agreement with HdL. HdL will provide an updated look for the Sales Tax forecast.

Row 5 - Column A – Franchise Fees – No Projected Variance

No Projected Change.

Row 6 - Column A – Transient Occupancy Tax (TOT) – Projected Variance ($0.4) million decrease

The Finance Department has received the closing notification from one of the hotels. Staff is recommending decreasing the TOT base by $0.4 million.

Row 7 - Column A – Business License Tax – Projected Variance $0.1 million increase

Based on the most recent estimates, the FY 2026-27 Business License Tax is anticipated to increase by $0.1 million.

Row 8 - Column A – Licenses and Permits – Projected Variance ($0.2) million decrease

Based on the most recent estimates, the FY 2026-27 License and Permits is anticipated to decrease by $0.2 million.

Row 9 - Column A – Intergovernmental - No Projected Variance

Row 10 - Column A – Town Services - Projected Variance - $0.3 million increase

Based on Development activities, it is anticipated that the pass-through revenues will increase by $0.3 million. The corresponding pass-through expenditures are expected to grow by the same amount.

Row 11 - Column A – Fines and Forfeitures - No Projected Variance

Row 12 - Column A – Interest - $0.1 million increase

Based on updated interest rate estimates as of October 21, 2025, staff have conducted a comprehensive evaluation of the current interest rate environment in relation to the Town's existing investment portfolio. The interest rate assumptions have been updated accordingly to reflect current market conditions. As the market environment continues to evolve, projected interest rates will fluctuate. Staff are actively monitoring the investment rate environment and will continue to update interest rate assumptions on a periodic basis

Row 13 - Column A – Other Sources - No Projected Variance

Row 14 - Column A – Fund Transfers In - No Projected Variance

Expenditures:

Row 17 - Column A – Salaries - No Projected Variance

Row 18 - Column A – Overtime - No Projected Variance

Row 19 - Column A – CalPERS Benefits - Projected Variance ($0.1) million decreases

Row 20 - Column A – All Other Benefits - Projected Variance ($0.4) million decreases

Row 21 - Column A – 4.6 % Salaries and Benefit Savings - No Projected Variance

Based on the 10/7/2025 Actual Salary Steps, Pension Benefits, and Medical Insurance selection, the projected Salaries and Benefits are $0.5 million less.

Row 22 - Column A – OPEB Pay as You Go - No Projected Variance

No Projected Change.

Row 23 - Column A – Operating Expenditure - Projected Variance $0.3 million increase

Operating expenditure expected to increase by $0.3 million based on estimated pass-through activities.

Row 24 - Column A – Grants and Awards - No Projected Variance

No Projected Change.

Row 25 - Column A – Utilities - Projected Variance $0.2 million increase

Operating expenditure expected to increase by $0.2 million based on FY 2024-25 actual utilities expenditures.

Row 26 - Column A – Internal Service Charges - No Projected Variance

Row 27 - Column A – Debt Services - No Projected Variance

REVENUE BASELINE AND PROJECTION FACTORS (ADOPTED FY 2025-26 BUDGET)

Type of Revenue Base Line Estimate	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax SCC Assessor Office February 2025 Report and HdL Coren and Cone April 2025 Forecast	5.29% Net Taxable Value Change Plus $220,000	5.42% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
VLF Backfill HdL Coren and Cone April 2025 Forecast	5.25% Net Taxable Value Change	5.41% Net Taxable Value Change	4.90% Net Taxable Value Change	4.90% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
Other Property Tax SCC Assessor Office February 2025 Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ERAF SCC Assessor Office March 2025 Notification	$3,220,000 Including 30% to Reserve	$3,220,000	$3,220,000	$3,220,000	$3,220,000	$3,220,000
Sales Tax	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates
Sales Tax - Measure G	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates	MuniServices March 2025 Most Likely Estimates
Franchise Fee Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%	3%

Type of Revenue Base Line Estimates	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Transient Occupancy Tax Current baseline set by FY 2024-25 Year-End Estimates	3% Plus $20,000 from anticipated audit	3%	0%	0%	0%	0%
Business License Tax Current baseline set by FY 2024-25 Year-End Estimates	2% Plus $110,000 from anticipated audit	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2024-25 Year-End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest Varies, based on Portfolio	Weighted Portfolio Yield 3.64%	Weighted Portfolio Yield 3.56%	Weighted Portfolio Yield 3.45%	Weighted Portfolio Yield 3.36%	Weighted Portfolio Yield 3.30%	Weighted Portfolio Yield 3.30%
Other Sources Current baseline set by FY 2024-25 Year-End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-26 BUDGET - PUBLISHED 4

Beginning in FY 2020-21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2025 and rate is increasing in the actual anniversary date. The FY 2025-26 Budget and the FY 2026-27 – FY 30-31 Forecast includes 4.6% vacancy savings.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salaries (TEA, Conf, Temp)*	3%	3%	2%	2%	2%	2%
Salaries (POA)*	5%	4%	2%	2%	2%	2%
Salaries (AFSCME)*	4%	4%	2%	2%	2%	2%
Salaries (Management)*	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Vacancy Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units*

***Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).*

****Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Forecasted rates for FY 2055-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 5.8% investment return and forecasted payroll.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Safety POA	109.09%	109.92%	112.95%	121.16%	121.75%	124.52%
Safety Management POA	112.09%	112.92%	115.95%	124.16%	124.75%	127.52%
Safety POA - PEPRA	15.84%	14.96%	20.99%	2.1.74%	22.04%	25.76%
Miscellaneous TEA/Confidential/ Management	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%
Miscellaneous TEA/Confidential/ Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019-20.*

FY 2026-27 FORECAST IN THE FY 2025-26 ADOPTED BUDGET

General Fund 5-Year Forecast
Updated 5-14-2025
(in $ million)

Revenue Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	$ 18.2	$ 19.3	$ 20.2	$ 20.0	$ 21.5	$ 22.2	$ 23.1	$ 24.0	$ 24.9	$ 25.9
VLF Backfill Property Tax	4.6	4.9	5.0	5.1	5.4	5.7	5.9	6.2	6.5	6.9
Sales & Use Tax	7.5	6.8	6.6	6.4	6.7	6.8	7.0	7.1	7.2	7.3
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.5
Franchise Fees	3.1	2.5	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Business License Tax	2.4	1.5	2.4	2.8	2.5	2.6	2.6	2.7	2.8	2.9
Licenses & Permits	3.3	4.0	5.8	6.1	6.3	6.3	6.4	6.5	6.6	6.7
Intergovernmental	1.6	1.2	1.1	1.2	0.8	0.8	0.9	0.9	0.9	0.9
Town Services	4.6	5.9	4.7	5.0	5.7	5.0	5.1	5.2	5.4	5.5
Fines & Forfeitures	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Interest	0.6	2.6	1.8	1.4	1.6	1.1	1.0	0.8	0.7	1.0
Other Sources	8.1	5.0	4.1	4.7	3.8	3.7	3.9	3.9	2.7	2.6
Fund Transfers In	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES &	$ 58.4	$ 58.5	$ 57.2	$ 58.3	$ 59.8	$ 59.9	$ 61.6	$ 63.1	$ 63.6	$ 65.7
Use of Capital/Special Projects	$ 2.4	$ 1.6	$ 3.7	$ 2.1	$ -	$ -	$ -	$ -	$ -	$ -
Use of Measure G Sales Tax -	-	-	0.6	0.1	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	-	0.3	-	-	-	-	-	-
Use of Council Priorites - Economic	-	1.5	-	-	-	-	-	-	-	-
Use of Unassigned Fund Balance					-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	$ 61.1	$ 61.9	$ 61.5	$ 60.8	$ 59.8	$ 59.9	$ 61.6	$ 63.1	$ 63.6	$ 65.7

Expenditure Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	$ 20.4	$ 21.5	$ 25.2	$ 22.6	$ 25.4	$ 26.8	$ 27.4	$ 28.0	$ 28.5	$ 29.2
Overtime	1.4	1.3	0.6	1.5	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	7.1	7.4	8.8	8.3	9.7	10.4	11.1	12.0	12.1	12.4
All Other Benefits	3.8	4.3	5.6	4.9	6.3	6.3	6.7	7.0	7.4	7.0
4.6% Salary and Benefits Savings	-	-	(1.8)	-	(1.9)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
OPEB Pay as You Go	1.5	1.6	1.7	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	11.7	9.8	10.2	9.8	9.7	9.9	10.1	10.4	10.6	11.0
Grants & Awards	0.6	0.7	0.7	0.7	0.4	0.3	0.3	0.4	0.4	0.4
Utilities	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Internal Service Charges	2.6	3.2	4.4	4.1	4.8	5.2	5.5	5.8	6.0	6.3
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	$ 51.8	$ 52.9	$ 58.2	$ 56.7	59.9	$ 62.7	$ 64.9	$ 67.3	$ 67.6	$ 68.9
Pension	0.7	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	$ 52.5	$ 53.6	$ 58.6	$ 57.4	$ 60.3	$ 63.1	$ 65.3	$ 67.7	$ 68.0	$ 69.3
Capital Transfers Out to GFAR	$ 2.4	$ 1.6	$ 1.1	$ 1.1	$ -	$ -	$ -	$ -	$ -	$ -
Transfer to General Liability	-	0.4	-	0.1	-	-	-	-	-	-
GASB 65		0.6	-	-	-	-	-	-	-	-
Fixed Assets/ Equipment		0.1	0.5	0.9	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.7	0.6	0.6	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	0.7	0.7	-	-	-	-	-	-	-	-
Allocate to Pension Trust	0.7	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	$ 56.2	$ 57.7	$ 61.0	$ 60.8	60.7	$ 63.5	$ 65.7	$ 68.1	$ 68.4	$ 69.7
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ 4.9	$ 4.2	$ 0.5	$ -	(0.9)	$ (3.6)	$ (4.1)	$ (5.0)	$ (4.8)	$ (4.0)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include $0.1 million.

FY 2025-26 BUDGET/FORECAST COMPARISON AS IT PUBLISHED ON 4/22/2024 COMPARED AS IT PUBLISHED ON 4/21/2025

This rest of this document includes forecasts for FY 2025-26, starting with the FY 2020-21 Proposed Budget forecast when FY 2025-26 was first forecasted. The forecast is updated periodically as the base, economy, and other factors evolve. The table on page X shows the variance between the FY 2025-26 Forecast (published on 4/22/2024) and the FY 2025-26 Proposed Budget (published on 4/21/2025). The assumptions for the FY 2025-26 Forecast (published on 4/22/2024) and the FY 2025-26 Proposed (published on 4/21/2025) can be located on pages B and Y of this document, as well as in the Adopted FY 2024-25 and Proposed FY 2025-26 budgets.

Below is the list of significant variances in Revenue and Expenditure estimates:

Row 8 – Column E - Licenses and Permits: $2.4 million variance.

*The $2.4 million Waste hauler Encroachment fee was categorized under Town Services in the **Column C Forecast**. Staff recategorized the estimated proceeds under Licenses and Permits in the **Column D Forecast**.*

Row 10 – Column E – Town Services: ($1.1) million variance.

Considering the recategorization above, the Town Services increased by $1.3 million. The increase includes $647,000 development-related pass-through activities, $255,000 increase for the Monte Sereno Police Services Contract, $318,000 increased engineering services revenue, $46,000 increases for School Resource Officer support from the School Districts.

Row 13 – Column E – Other Sources: $0.7 million variance.

*Since all Measure G Revenue is programmed to provide for public safety services, the pass-through tracking revenue is characterized as other revenue. In the Column C Forecast, only half of the Measure G revenue ($0.6 million) was characterized as **Other sources**, and the entire proceeds are characterized as Other sources in the **Column D Forecast**.*

Row 18 – Column E – Salaries: $1.6 million variance.

***Column C Forecast** assumes 2% salary increases for TEA, AFSCME, Confidential, Management, and Temporary employees. The actual increase, as estimated in **Column D Forecast** for TEA, ASCME, Confidential, Management, and Temporary employees, was 5% in FY 2024-25, 3% in FY 2025-26, and 4% in FY 2024-25 and FY 2025-26 for AFSCME. In addition, there were equity adjustments for certain job classes that were not included in **the Column C Forecast**.*

Row 20 – Column E – CalPERS Benefits: $0.8 million variance.

*CalPERS rates are based on actual payroll, so increased salaries will cause increased CalPERS contributions. In addition, while the Miscellaneous Group rates remained relatively flat, growing from 29.6% (**Column C Forecast)** to 30.02% (**Column D Forecast**), the Classic Safety Group required contribution changed from 98.74% (**Column C Forecast**) to 109.09% (**Column D Forecast**), and the Classic Safety Management Group estimated contribution changed 101.74% (**Column C Forecast**) to 112.09% (**Column D Forecast**)*

Row 24 – Column E – Operating Expenditures: $2.03 million variance.

Operating expenditures experience inflationary factors as well. The prior year assumed a 3% increases; however, certain services and product prices increased by more than 3%. The variance is added up from many different items:

- *This item shows half of the Measure G Expenditure under Row 31 – Column C in the **Column C Forecast**, while it is included in the Operating Expenditures in **Column D Forecast**. Measure G Fund is a subfund in General Fund, and all proceeds are expended in a given year and part of the operating expenditures.*
- *The following increases listed as an example in this category that contribute to the difference between the two forecast: $647,000 development related pass through activities, $215,000 in legal services, $190,000 special studies, $150,000 temporary employee services, 127,000 in engineering services; $70,000 miscellaneous services and repairs,$54,000 in street closures,$53,000 street sweeping services,$50,000 in tree trimming services, $37,000 townwide meetings and events, 30,000 in auto parts, $27,000 software licenses,*

	A	B	C	D	E
	Account	Revenue Category	FY2025-26 Forecast Published 4/22/2024	FY2025-26 Proposed Budget Published 4/21/2025	Variance
1	4100	Property Tax	$ 21.3	$ 21.2	$ (0.10)
2	4110	VLF Backfill Property Tax	5.3	5.4	0.10
3	4200	Sales & Use Tax	6.7	6.6	(0.16)
4	4200	Measure G District Sales Tax	1.3	1.2	(0.04)
5	4250	Franchise Fees	1.1	1.0	(0.10)
6	4251	Transient Occupancy Tax	2.4	2.4	-
7	4400	Business License Tax	2.5	2.4	(0.10)
8	4400	Licenses & Permits	3.0	5.4	2.40
9	4500	Intergovernmental	0.9	0.8	(0.10)
10	4600	Town Services	6.7	5.6	(1.10)
11	4700	Fines & Forfeitures	0.3	0.3	-
12	4800	Interest	1.4	1.4	-
13	4850	Other Sources	3.1	3.8	0.70
14	4900	Fund Transfers In	0.6	0.6	-
15	TOTAL OPERATING REVENUES & TRANSFERS		$ 56.6	$ 58.1	$ 1.50
16		Use of Capital/Special Projects Reserve	$ 1.1	$ -	
		Use of Measure G Sales Tax - Operating	-	-	
		Use of Pension/OPEB Reserve	-	-	
		Use of OPEB Trust	-	-	
		Use of Property Surplus Reserve	-	-	
		Use of Measure G Reserve	-	-	
		ARPA Replacement Revenue	-	-	
		Use of Council Priorites - Economic Recovery	-	-	
17	TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*		$ 57.7	$ 58.1	
	Account	Expenditure Category	FY2025/26 Forecast	FY2025-26 Proposed Budget	Variance
18	5110	Salary	$ 23.8	$ 25.4	$ 1.63
19		Overtime	0.7	0.7	0.01
20	5120	CalPERS Benefits	9.1	9.9	0.81
21	5200	All Other Benefits	6.1	6.3	0.13
22		4.6% Salary and Benefits Savings	(1.8)	(1.9)	(0.12)
23	6211	OPEB Pay as You Go	1.9	2.1	0.24
24	6000	Operating Expenditures	8.3	10.3	2.03
25	7200	Grants & Awards	0.2	0.4	0.19
26	7400	Utilities	0.7	0.7	(0.01)
27	8060	Internal Service Charges	5.2	5.0	(0.19)
28	8900	Debt Service	2.1	2.1	-
	TOTAL OPERATING EXPENDITURES		$ 56.2	$ 61.0	$ 4.72
		GASB 45 Retiree Medical Actuarial	-	-	
29		Additional Discretionary Payment - Pension	0.4	0.4	
	TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 56.6	$ 61.4	
30		Capital Transfers Out to GFAR	$ 1.1	$ -	
31		1/2 of Measure G Proceeds to Capital	0.6	-	
	AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS				
32		Allocate to ERAF Risk Reserve	0.8	-	
33		Allocate to Pension Trust	0.4	0.4	
34	TOTAL EXPENDITURES & RESERVE ALLOCATIONS*		$ 59.5	61.8	
35	NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS		$ (1.8)	(3.7)	

FY 2025-26 FORECAST- PUBLISHED 4-21-2025 (HISTORICAL DETAIL ADDED ON 4/25/20 PUBLICATION)

General Fund 5-Year Forecast
(in $ million)

Revenue Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax	$ 18.2	$ 19.3	$ 20.2	$ 20.0	$ 21.2	$ 22.2	$ 23.1	$ 24.0	$ 24.9	$ 25.9
VLF Backfill Property Tax	4.6	4.9	5.0	5.1	5.4	5.7	5.9	6.2	6.5	6.9
Sales & Use Tax	7.5	6.8	6.6	6.4	6.6	6.6	6.8	7.0	7.0	7.1
Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.4	1.4
Franchise Fees	3.1	2.5	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Business License Tax	2.4	1.5	2.4	2.8	2.4	2.5	2.5	2.6	2.7	2.8
Licenses & Permits	3.3	4.0	5.8	6.1	5.4	5.5	5.6	5.7	5.8	5.9
Intergovernmental	1.6	1.2	1.1	1.2	0.8	1.0	1.1	1.1	1.1	1.1
Town Services	4.6	5.9	4.7	5.0	5.6	4.8	4.9	5.1	5.2	5.3
Fines & Forfeitures	0.4	0.5	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Interest	0.6	2.6	1.8	1.4	1.4	1.1	1.0	0.7	0.6	1.0
Other Sources	8.1	5.0	4.1	4.7	3.8	3.7	3.8	3.9	2.7	2.6
Fund Transfers In	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES &	$ 58.4	$ 58.5	$ 57.2	$ 58.3	$ 58.1	$ 58.8	$ 60.4	$ 62.0	$ 62.4	$ 64.5
Use of Capital/Special Projects	$ 2.4	$ 1.6	$ 3.7	$ 2.1	$ -	$ -	$ -	$ -	$ -	$ -
Use of Measure G Sales Tax -	-	-	0.6	0.1	-	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	-	0.3	-	-	-	-	-	-
Use of Council Priorites - Economic	-	1.5	-	-	-	-	-	-	-	-
Use of Unassigned Fund Balance					-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	$ 61.1	$ 61.9	$ 61.5	$ 60.8	$ 58.1	$ 58.8	$ 60.4	$ 62.0	$ 62.4	$ 64.5

Expenditure Category	FY 2022/23 Actuals	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Proposed Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salary	$ 20.4	$ 21.5	$ 25.2	$ 22.6	$ 25.4	$ 26.8	$ 27.4	$ 28.0	$ 28.5	$ 29.2
Overtime	1.4	1.3	0.6	1.5	0.7	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	7.1	7.4	8.8	8.3	9.9	10.7	11.4	12.2	12.4	12.7
All Other Benefits	3.8	4.3	5.6	4.9	6.3	6.3	6.7	7.0	7.4	7.0
4.6% Salary and Benefits Savings	-	-	(1.8)	-	(1.9)	(2.0)	(2.1)	(2.2)	(2.3)	(2.3)
OPEB Pay as You Go	1.5	1.6	1.7	2.0	2.1	2.2	2.3	2.4	2.5	2.6
Operating Expenditures	11.7	9.8	10.2	9.8	10.3	9.9	10.0	10.4	10.5	10.9
Grants & Awards	0.6	0.7	0.7	0.7	0.4	0.3	0.3	0.4	0.4	0.4
Utilities	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Internal Service Charges	2.6	3.2	4.4	4.1	5.0	5.3	5.7	5.9	6.1	6.4
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8	0.8
TOTAL OPERATING EXPENDITURES	$ 51.8	$ 52.9	$ 58.2	$ 56.7	61.0	$ 63.0	$ 65.3	$ 67.7	$ 67.9	$ 69.3
Pension	0.7	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	$ 52.5	$ 53.6	$ 58.6	$ 57.4	$ 61.4	$ 63.4	$ 65.7	$ 68.1	$ 68.3	$ 69.7
Capital Transfers Out to GFAR	$ 2.4	$ 1.6	$ 1.1	$ 1.1	$ -	$ -	$ -	$ -	$ -	$ -
Transfer to General Liability	-	0.4	-	0.1	-	-	-	-	-	-
GASB 65		0.6	-	-	-	-	-	-	-	-
Fixed Assets/ Equipment		0.1	0.5	0.9	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.7	0.6	0.6	-	-	-	-	-	-
Allocate to ERAF Risk Reserve	0.7	0.7	-	-	-	-	-	-	-	-
Allocate to Pension Trust	0.7	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE	$ 56.2	$ 57.7	$ 61.0	$ 60.8	61.8	$ 63.8	$ 66.1	$ 68.5	$ 68.7	$ 70.1
NET REVENUES, TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ 4.9	$ 4.2	$ 0.5	$ -	(3.7)	$ (5.0)	$ (5.7)	$ (6.5)	$ (6.3)	$ (5.6)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include $0.1 million.

Town of Los Gatos General Fund Historical Year-End Results (in $ million)

Account	Revenue Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals
4100	Property Tax	$ 10.8	$ 11.5	$ 12.5	$ 13.6	$ 14.5	$ 15.8	$ 16.9
4110	VLF Backfill Property Tax	3.0	3.2	3.4	3.7	3.9	4.1	4.2
4200	Sales & Use Tax	7.5	9.2	7.6	8.0	6.5	6.8	7.2
4200	Measure G District Sales Tax	-	-	-	0.2	1.0	1.1	1.3
4250	Franchise Fees	2.3	2.4	2.5	2.5	2.5	2.5	2.8
4251	Transient Occupancy Tax	1.9	2.3	2.6	2.7	1.9	1.0	1.9
4400	Business License Tax	1.5	1.7	1.7	1.5	1.4	1.4	1.5
4400	Licenses & Permits	3.5	3.0	3.0	3.1	2.7	3.1	4.8
4500	Intergovernmental	1.0	0.9	1.0	0.9	1.0	1.6	1.3
4600	Town Services	4.0	3.3	4.4	4.4	4.4	4.6	5.3
4700	Fines & Forfeitures	0.9	0.9	0.7	0.5	0.3	0.1	0.3
4800	Interest	0.6	0.2	0.2	1.4	2.2	0.1	(1.4)
4850	Other Sources	2.3	4.3	3.2	4.6	2.7	3.7	7.0
4900	Fund Transfers In	2.4	0.3	0.8	1.6	0.6	0.7	0.6
TOTAL OPERATING REVENUES & TRANSFERS*		$ 41.7	$ 43.2	$ 43.6	$ 48.7	$ 45.6	$ 46.6	$ 53.7
	Capital	-	1.4	3.2	2.8	8.0	3.4	0.6
	Use of Pension/OPEB Reserve	-	-	-	-	-	4.5	0.3
	Use of Property Surplus Reserve	-	-	-	-	-	-	1.2
	Use of Almond Grove Reserve	-	5.9	-	-	-	-	-
	Use of Measure G Reserve	-	-	-	-	-	-	1.1
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 41.7	$ 50.5	$ 46.8	$ 51.5	$ 53.6	$ 54.5	$ 56.9

Account	Expenditure Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	2021/22 Actuals
5110	Salary	14.5	14.8	16.0	17.9	19.3	20.2	20.0
5120	CalPERS Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.5
5200	All Other Benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.7
6211	OPEB Pay as You Go	0.9	1.0	1.1	1.2	1.2	1.3	1.4
6000	Operating Expenditures	4.7	4.8	5.0	5.6	5.1	5.7	10.4
7200	Grants & Awards	0.7	0.2	0.2	0.3	0.3	0.3	1.8
7400	Utilities	0.4	0.6	0.5	0.5	0.5	0.6	0.6
8060	Internal Service Charges	3.5	3.6	3.9	2.5	2.2	2.3	2.6
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	2.0	2.1
TOTAL OPERATING EXPENDITURES		$ 33.6	$ 34.0	$ 36.2	$ 38.8	$ 40.2	$ 42.4	$ 49.0
	GASB 45 Retiree Medical Actuarial	1.5	2.6	1.6	1.1	1.1	0.6	0.1
	Additional Discretionary Payment - Pension	-	-	-	-	-	5.6	0.7
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 35.1	$ 36.6	$ 37.8	$ 39.9	$ 41.3	$ 48.6	$ 49.8
	Capital Transfers Out to GFAR	0.5	7.3	2.6	2.3	7.0	3.4	1.2
	Operating Tranfer Out	0.1	-	0.6	0.5	1.1	-	-
	1/2 of Measure G Proceeds to Capital	-	-	-	-	-	-	0.7
	Fixed Assets/ Equipment	0.4	-	-	-	0.1	-	-
	Fund	-	-	1.2	3.6	0.4	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS		$ 5.6	$ 6.6	$ 4.6	$ 5.2	$ 3.7	$ 2.5	$ 5.9
	Allocate to Almond Grove Reserve	2.5	-	-	-	-	-	-
	Stabilization/Catastrophic	-	-	-	-	-	0.1	1.1
	Allocate to Compensated Absences	-	-	-	-	-	0.1	(0.2)
	Allocate to Market Fluctuations Reserve	0.3	0.3	-	-	1.2	-	(0.4)
	Allocate to CalPERS/Pension Reserve	-	1.8	-	-	-	0.3	0.3
	Allocate to Measure G Reserve	-	-	-	-	1.2	-	-
	Allocate to VM & Stores Surplus Reserve	-	-	-	1.0	-	-	-
	Allocate to Authorized Carryforwards	0.1	-	-	-	-	-	0.03
	Sales Tax Prior - Year Adjusments	-	0.4	-	-	-	-	-
	Allocate to Property Surplus Reserve	-	-	-	1.9	-	1.2	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 39.0	$ 46.4	$ 42.2	$ 49.2	$ 52.2	$ 53.7	$ 52.2
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ 2.7	$ 4.1	$ 4.6	$ 2.3	$ 1.4	$ 0.8	$ 4.7

* Due to rounding of individual categories Total Expenditures and Reserve Allocations may include $0.1 million.
General Fund (111) Historical presentaion does not include Pension Trusts activities.

Type of Revenue Base Line Estimate	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Property Tax SCC Assessor Office February 2025 Report and HdL Coren and Cone April 2025 Forecast	5.29% Net Taxable Value Change	5.42% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
VLF Backfill HdL Coren and Cone April 2025 Forecast	5.25% Net Taxable Value Change	5.41% Net Taxable Value Change	4.90% Net Taxable Value Change	4.90% Net Taxable Value Change	4.89% Net Taxable Value Change	4.89% Net Taxable Value Change
Other Property Tax SCC Assessor Office February 2025 Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ERAF SCC Assessor Office March 2025 Notification	$3,220,000	$3,220,000	$3,220,000	$3,220,000	$3,220,000	$3,220,000
Sales Tax	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates
Sales Tax - Measure G	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates
Franchise Fee Current baseline set by FY 2024-25 Year-End Estimates	Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%

Type of Revenue Base Line Estimates	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Transient Occupancy Tax Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	0%	0%	0%	0%
Business License Tax Current baseline set by FY 2024-25 Year-End Estimates	2%	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2024-25 Year-End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2024-25 Year-End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest Varies, based on Portfolio	Weighted Portfolio Yield 3.64%	Weighted Portfolio Yield 3.56%	Weighted Portfolio Yield 3.45%	Weighted Portfolio Yield 3.36%	Weighted Portfolio Yield 3.30%	Weighted Portfolio Yield 3.30%
Other Sources Current baseline set by FY 2024-25 Year-End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (PROPOSED FY 2025-26 BUDGET - PUBLISHED 4

Beginning in FY 2020-21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2025 and rate is increasing in the actual anniversary date. The FY 2025-26 Budget and the FY 2026-27 – FY 30-31 Forecast includes 4.6% vacancy savings.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Salaries (TEA, Conf, Temp)*	3%	3%	2%	2%	2%	2%
Salaries (POA)*	5%	4%	2%	2%	2%	2%
Salaries (AFSCME)*	4%	4%	2%	2%	2%	2%
Salaries (Management)*	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Vacancy Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units*

***Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).*

****Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Forecasted rates for FY 2055-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 5.8% investment return and forecasted payroll.

Type of Expenditure	FY 2025-26 Budget	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast	FY 2030-31 Forecast
Safety POA	109.09%	109.92%	112.95%	121.16%	121.75%	124.52%
Safety Management POA	112.09%	112.92%	115.95%	124.16%	124.75%	127.52%
Safety POA - PEPRA	15.84%	14.96%	20.99%	21.74%	22.04%	25.76%
Miscellaneous TEA/Confidential/ Management	30.02%	30.52%	30.82%	31.78%	31.92%	32.21%
Miscellaneous TEA/Confidential/ Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019-20.*

General Fund 5-Year Forecast
(in $ million)

Revenue Category	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Property Tax	$ 19.3	$ 20.2	$ 20.0	$ 20.6	$ 21.3	$ 22.0	$ 22.8	$ 23.6
VLF Backfill Property Tax	4.9	5.0	5.1	5.3	5.5	5.8	6.0	6.2
Sales & Use Tax	6.8	6.6	6.4	6.6	6.6	6.8	7.0	7.0
Measure G District Sales Tax	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.4
Franchise Fees	2.5	1.0	1.0	1.0	1.1	1.1	1.1	1.2
Transient Occupancy Tax	2.4	2.3	2.3	2.4	2.5	2.5	2.6	2.7
Business License Tax	1.5	2.4	2.8	2.5	2.6	2.6	2.7	2.8
Licenses & Permits	3.3	3.5	3.5	3.1	3.2	3.2	3.3	3.4
Intergovernmental	1.2	1.1	1.1	0.8	0.9	0.9	0.9	0.9
Town Services	6.6	7.0	7.3	6.6	6.7	6.8	6.9	7.0
Fines & Forfeitures	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Interest	2.6	1.8	1.4	1.0	1.0	1.0	0.7	0.7
Other Sources	5.0	4.1	4.6	3.1	3.1	3.2	3.2	2.0
Fund Transfers In	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & TRANSFERS	$ 58.5	$ 57.2	$ 57.7	$ 55.1	$ 56.7	$ 58.1	$ 59.4	$ 59.8
Use of Capital/Special Projects Reserve	$ 1.6	$ 2.7	$ 2.7	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1
Use of Measure G Sales Tax - Operating	-	0.6	0.6	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	-	0.3	-	-	-	-	-
Use of Council Priorites - Economic Recovery	1.5	-	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	$ 61.9	$ 60.5	$ 61.3	$ 56.2	$ 57.8	$ 59.2	$ 60.5	$ 60.9

Expenditure Category	FY 2023-24 Actuals	FY 2024-25 Adjusted Budget	FY 2024-25 Estimates	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Salary	$ 21.5	$ 25.2	$ 22.6	$ 26.0	$ 27.2	$ 27.7	$ 28.3	$ 28.9
Overtime	1.3	0.6	1.5	0.6	0.7	0.7	0.7	0.7
CalPERS Benefits	7.4	8.8	8.3	9.5	10.7	10.9	11.9	12.1
All Other Benefits	4.3	5.6	4.9	6.0	6.3	6.5	6.6	6.8
4.6% Salary and Benefits Savings	-	(1.8)	-	(1.9)	(2.1)	(2.1)	(2.2)	(2.2)
OPEB Pay as You Go	1.6	1.7	2.0	2.3	2.4	2.5	2.6	2.7
Operating Expenditures	9.8	9.2	8.8	8.2	8.5	8.6	9.0	9.1
Grants & Awards	0.7	0.7	0.7	0.3	0.3	0.3	0.3	0.3
Utilities	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Internal Service Charges	3.2	4.4	4.1	4.7	4.9	5.1	5.3	5.5
Debt Service	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8
TOTAL OPERATING EXPENDITURES	$ 52.9	$ 57.2	$ 55.7	$ 58.5	$ 61.7	$ 62.9	$ 65.3	$ 65.5
Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	$ 53.6	$ 57.6	$ 56.4	$ 58.9	$ 62.1	$ 63.3	$ 65.7	$ 65.9
Capital Transfers Out to GFAR	$ 1.6	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1
Transfer to General Liability	0.4	-	-	-	-	-	-	-
GASB 65	0.6	-	-	-	-	-	-	-
Fixed Assets/ Equipment	0.1	0.5	0.9	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.7
Allocate to ERAF Risk Reserve	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Allocate to Pension Trust	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS*	$ 57.7	$ 60.5	$ 60.5	$ 61.8	$ 65.0	$ 66.2	$ 68.7	$ 68.9
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ 4.2	$ -	$ 0.8	$ (5.6)	$ (7.2)	$ (7.0)	$ (8.2)	$ (8.0)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include $0.1 million.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST – PU
2/7/2025)

Type of Revenues	FY 2024-25 Estimates Baseline	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office February 2025 report	4.1%	4.1%	4.1%	4.1%	4.1%
Motor Vehicle License in Lieu (VLF)	Current baseline set by SCC Assessor Office February 2025 report	4.1%	4.1%	4.1%	4.1%	4.1%
ERAF	Current baseline set 100% of SCC Assessor Office February 2024 Update Reserving 30% to ERAF Risk Reserve	$1.83 million	$1.83 million	$1.83 million	$1.83 million	$1.83 million
Sales Tax	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates
Sales Tax - Measure G	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates	MuniServices January 2025 Most Likely Estimates
Franchise Fee	Current baseline set by FY2024-25 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2024-25 Estimates	2%	2%	2%	2%	2%
Business License Tax	Current baseline set by FY 2024-25 Estimates	3%	3%	3%	3%	3%
License & Permits	Current baseline set by FY 2024-25 Estimates	3%	3%	3%	3%	3%

Type of Revenues	FY 2024-25 Estimates Baseline	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Town Services	Current baseline set by FY 2024-25 Estimates	3%	3%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2024-25 Estimates	Varies	Varies	Varies	Varies	Varies
Yield to Maturity Assumptions	Current baseline set by FY 2024-25 Actuals	3.51%	3.45%	3.37%	3.31%	3.28%
Other Sources	Current baseline set by FY 2024-25 Estimates	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2024-25 MID-YEAR REPORT AND FORECAST PUBLISHED 2/7/2025)

Beginning in FY 2020-21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of December 31, 2024. Beginning FY 2023-24 the total salaries and benefits budget includes 4.6% vacancy factor.

Type of Expenditures	FY 2024-25 Budget	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Salaries*(TEA)	5%	3%	3%	2%	2%	2%
Salaries *(POA)	6.5%	5%	4%	2%	2%	2%
Salaries*(AFSCME)	4%	4%	4%	2%	2%	2%
Salaries * (Management, Confidential, Temp)	5%	3%	3%	2%	2%	2%
Benefit - Medical**	4%	4%	4%	4%	4%	4%
Operating Expenditures***	3%	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Workers Comp Charges	Based on projected payroll	3%	3%	3%	3%	3%
General Liability Charges	Based on projected payroll	3%	3%	3%	3%	3%
Other Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units from FY 2024-25 through FY 2026-27. Beyond FY 2027-28 the assumption is 2% per year cost of living adjustment.*

***Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)*

****Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2024-25 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2025-26 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2022-23 CalPERS 6.1% investment return and forecasted payroll.

Beginning in FY 2021-22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate $4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately $5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020-21.

Type of Expenditures	FY 2024-25 Budget	FY 2025-26 Forecast	FY 2026-27 Forecast	FY 2027-28 Forecast	FY 2028-29 Forecast	FY 2029-30 Forecast
Safety POA	94.98%	98.72%	102.27%	106.14%	115.00%	117.32%
Safety Management POA	97.98%	101.72%	105.27%	109.14%	118.00%	120.32%
Safety POA - PEPRA	15.56%	15.56%	15.68%	15.69%	16.32%	16.61%
Miscellaneous TEA/AFSCME/Confidential/ Management	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%
Miscellaneous TEA/AFSCME/Confidential/ Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	30.62%	29.65%	31.01%	32.28%	33.81%	34.49%

General Fund 5-Year Forecast
(in $ million)

Revenue Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast	FY 2029/30 Forecast
Property Tax	$ 18.2	$ 19.0	$ 19.0	$ 20.2	$ 21.3	$ 22.5	$ 23.7	$ 25.0	$ 26.5
VLF Backfill Property Tax	4.6	4.9	4.9	5.0	5.3	5.6	5.9	6.3	6.7
Sales & Use Tax	7.5	7.0	6.7	6.6	6.7	6.9	6.9	7.0	7.1
Measure G District Sales Tax	1.3	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4
Franchise Fees	3.1	3.3	3.3	1.0	1.1	1.1	1.1	1.2	1.2
Transient Occupancy Tax	2.2	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4
Business License Tax	2.4	2.4	2.4	2.4	2.5	2.6	2.6	2.7	2.8
Licenses & Permits	3.3	3.3	3.3	3.0	3.0	3.1	3.2	3.3	3.4
Intergovernmental	1.6	1.3	1.3	1.4	0.9	1.0	0.9	0.9	1.0
Town Services	4.6	4.6	5.0	7.0	6.7	6.8	7.0	7.2	7.4
Fines & Forfeitures	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Interest	0.6	1.6	1.6	1.8	1.4	1.3	1.2	1.1	1.1
Other Sources	8.1	4.0	4.1	3.5	3.1	3.2	3.3	3.2	2.0
Fund Transfers In	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & TRANSFERS	$ 58.4	$ 55.9	$ 56.1	$ 56.4	$ 56.6	$ 58.7	$ 60.5	$ 62.6	$ 63.9
Use of Capital/Special Projects Reserve	$ 2.4	$ 1.6	$ 2.0	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1
Use of Measure G Sales Tax - Operating	-	-	-	0.6	-	-	-	-	-
Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	-	-	-	-	-
Use of Council Priorites - Economic Recovery	-	1.5	1.5	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES*	$ 61.1	$ 59.3	$ 59.9	$ 58.1	$ 57.7	$ 59.8	$ 61.6	$ 63.7	$ 65.0

Expenditure Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast	FY 2029/30 Forecast
Salary	$ 20.4	$ 21.3	$ 21.9	$ 23.6	$ 23.8	$ 24.5	$ 25.1	$ 25.7	$ 26.2
Overtime	1.4	0.6	1.3	0.6	0.7	0.7	0.7	0.7	0.7
CalPERS Benefits	7.1	8.2	7.2	8.8	9.1	9.7	10.4	11.2	11.8
All Other Benefits	3.8	4.7	4.4	5.6	6.1	6.3	6.5	6.7	6.8
4.6% Salary and Benefits Savings	-	-	-	(1.8)	(1.8)	(1.9)	(2.0)	(2.0)	(2.1)
OPEB Pay as You Go	1.5	1.6	1.6	1.7	1.9	2.0	2.0	2.0	2.0
Operating Expenditures	11.7	11.0	10.6	8.8	8.3	8.6	8.7	9.0	9.2
Grants & Awards	0.6	1.0	0.7	0.3	0.2	0.2	0.2	0.2	0.3
Utilities	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Internal Service Charges	2.6	3.4	3.4	4.4	5.2	5.4	5.6	5.8	6.1
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.8
TOTAL OPERATING EXPENDITURES	$ 51.8	$ 54.5	$ 53.9	$ 54.8	$ 56.2	$ 58.4	$ 60.1	$ 62.2	$ 62.7
Additional Discretionary Payment - Pension	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES	$ 52.5	$ 55.2	$ 54.6	$ 55.2	$ 56.6	$ 58.8	$ 60.5	$ 62.6	$ 63.1
Capital Transfers Out to GFAR	$ 2.4	$ 1.6	$ 1.6	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1	$ 1.1
Transfer to General Liability	-	-	0.4	-	-	-	-	-	-
1/2 of Measure G Proceeds to Capital	0.6	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.7
Allocate to ERAF Risk Reserve	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
Allocate to Pension Trust	0.7	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS*	$ 56.2	$ 58.8	$ 58.7	$ 58.1	$ 59.5	$ 61.8	$ 63.5	$ 65.6	$ 66.1
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ 4.9	$ 0.5	$ 1.1	$ -	$ (1.8)	$ (2.0)	$ (1.9)	$ (1.9)	$ (1.1)

* Due to rounding of individual categories total revenues, expenditures, and reserve allocations may include $0.1 million.

Town of Los Gatos General Fund Historical Year-End Results (in $ million)

Account	Revenue Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals
4100	Property Tax	$ 10.8	$ 11.5	$ 12.5	$ 13.6	$ 14.5	$ 15.8	$ 16.9
4110	VLF Backfill Property Tax	3.0	3.2	3.4	3.7	3.9	4.1	4.2
4200	Sales & Use Tax	7.5	9.2	7.6	8.0	6.5	6.8	7.2
4200	Measure G District Sales Tax	-	-	-	0.2	1.0	1.1	1.3
4250	Franchise Fees	2.3	2.4	2.5	2.5	2.5	2.5	2.8
4251	Transient Occupancy Tax	1.9	2.3	2.6	2.7	1.9	1.0	1.9
4400	Business License Tax	1.5	1.7	1.7	1.5	1.4	1.4	1.5
4400	Licenses & Permits	3.5	3.0	3.0	3.1	2.7	3.1	4.8
4500	Intergovernmental	1.0	0.9	1.0	0.9	1.0	1.6	1.3
4600	Town Services	4.0	3.3	4.4	4.4	4.4	4.6	5.3
4700	Fines & Forfeitures	0.9	0.9	0.7	0.5	0.3	0.1	0.3
4800	Interest	0.6	0.2	0.2	1.4	2.2	0.1	(1.4)
4850	Other Sources	2.3	4.3	3.2	4.6	2.7	3.7	7.0
4900	Fund Transfers In	2.4	0.3	0.8	1.6	0.6	0.7	0.6
TOTAL OPERATING REVENUES & TRANSFERS*		$ 41.7	$ 43.2	$ 43.6	$ 48.7	$ 45.6	$ 46.6	$ 53.7
	Capital	-	1.4	3.2	2.8	8.0	3.4	0.6
	Use of Pension/OPEB Reserve	-	-	-	-	-	4.5	0.3
	Use of Property Surplus Reserve	-	-	-	-	-	-	1.2
	Use of Almond Grove Reserve	-	5.9	-	-	-	-	-
	Use of Measure G Reserve	-	-	-	-	-	-	1.1
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 41.7	$ 50.5	$ 46.8	$ 51.5	$ 53.6	$ 54.5	$ 56.9

Account	Expenditure Category	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	2021/22 Actuals
5110	Salary	14.5	14.8	16.0	17.9	19.3	20.2	20.0
5120	CalPERS Benefits	3.6	3.9	4.3	5.3	6.1	6.4	6.5
5200	All Other Benefits	3.2	3.2	3.3	3.6	3.6	3.7	3.7
6211	OPEB Pay as You Go	0.9	1.0	1.1	1.2	1.2	1.3	1.4
6000	Operating Expenditures	4.7	4.8	5.0	5.6	5.1	5.7	10.4
7200	Grants & Awards	0.7	0.2	0.2	0.3	0.3	0.3	1.8
7400	Utilities	0.4	0.6	0.5	0.5	0.5	0.6	0.6
8060	Internal Service Charges	3.5	3.6	3.9	2.5	2.2	2.3	2.6
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	2.0	2.1
TOTAL OPERATING EXPENDITURES		$ 33.6	$ 34.0	$ 36.2	$ 38.8	$ 40.2	$ 42.4	$ 49.0
	GASB 45 Retiree Medical Actuarial	1.5	2.6	1.6	1.1	1.1	0.6	0.1
	Additional Discretionary Payment - Pension	-	-	-	-	-	5.6	0.7
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 35.1	$ 36.6	$ 37.8	$ 39.9	$ 41.3	$ 48.6	$ 49.8
	Capital Transfers Out to GFAR	0.5	7.3	2.6	2.3	7.0	3.4	1.2
	Operating Tranfer Out	0.1	-	0.6	0.5	1.1	-	-
	1/2 of Measure G Proceeds to Capital	-	-	-	-	-	-	0.7
	Fixed Assets/ Equipment	0.4	-	-	-	0.1	-	-
	Fund	-	-	1.2	3.6	0.4	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS		$ 5.6	$ 6.6	$ 4.6	$ 5.2	$ 3.7	$ 2.5	$ 5.9
	Allocate to Almond Grove Reserve	2.5	-	-	-	-	-	-
	Stabilization/Catastrophic	-	-	-	-	-	0.1	1.1
	Allocate to Compensated Absences	-	-	-	-	-	0.1	(0.2)
	Allocate to Market Fluctuations Reserve	0.3	0.3	-	-	1.2	-	(0.4)
	Allocate to CalPERS/Pension Reserve	-	1.8	-	-	-	0.3	0.3
	Allocate to Measure G Reserve	-	-	-	-	1.2	-	-
	Allocate to VM & Stores Surplus Reserve	-	-	-	1.0	-	-	-
	Allocate to Authorized Carryforwards	0.1	-	-	-	-	-	0.03
	Sales Tax Prior - Year Adjusments	-	0.4	-	-	-	-	-
	Allocate to Property Surplus Reserve	-	-	-	1.9	-	1.2	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 39.0	$ 46.4	$ 42.2	$ 49.2	$ 52.2	$ 53.7	$ 52.2
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ 2.7	$ 4.1	$ 4.6	$ 2.3	$ 1.4	$ 0.8	$ 4.7

* Due to rounding of individual categories Total Expenditures and Reserve Allocations may include $0.1 million.
General Fund (111) Historical presentaion does not include Pension Trusts activities.

Type of Revenue Base Line Estimate	FY2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY 2029/30 Forecast
Property Tax SCC Assessor Office February 2024 Report	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
VLF Backfill SCC Assessor Office February 2024 Report	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Other Property Tax SCC Assessor Office February 2024 Report	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
ERAF SCC Assessor Office March 2024 Notification	$2,534,820 Including 30% to Reserve	$2,617,000 Including 30% to Reserve	$2,617,000 Including 30% to Reserve	$2,617,000 Including 30% to Reserve	$2,617,000 Including 30% to Reserve	$2,617,000 Including 30% to Reserve
Sales Tax	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates
Sales Tax – Measure G	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates	MuniServices March 2024 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2023/24 Year End Estimates	3%	3%	3%	3%	3%
Encroachment Permit Fee from Waste Hauler Provider	Current baseline set by FY 2023/24 Year End Estimates	3%	3%	3%	3%	3%

Type of Revenue Base Line Estimates	FY2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY 2029/30 Forecast
Transient Occupancy Tax Current baseline set by FY 2023/24 Year End Estimates	3%	3%	0%	0%	0%	0%
Business License Tax Current baseline set by FY 2023/24 Year End Estimates	2%	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2023/24 Year End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2023/24 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2023/24 Year End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest Varies, based on Portfolio	Weighted Portfolio Yield 3.77%	Weighted Portfolio Yield 3.59%	Weighted Portfolio Yield 3.37%	Weighted Portfolio Yield 3.05%	Weighted Portfolio Yield 3.03%	Weighted Portfolio Yield 3.01%
Other Sources Current baseline set by FY 2023/24 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

¶

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 71% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2024 and rate is increasing in the actual anniversary date. The FY 2024/25 Budget and the FY 2025/26 – FY 29/30 Forecast includes 4.6% salary savings. ¶

¶

Type of Expenditure	FY2024/25 Budget	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY2028/29 Forecast	FY 2029/30 Forecast
Salaries (TEA, Conf, Temp)*	0%	2%	2%	2%	2%	2%
Salaries (POA)*	6.5%	5%	4%	2%	2%	2%
Salaries (AFSCME)*	0%	2%	2%	2%	2%	2%
Salaries (Management)*	0%	2%	2%	2%	2%	2%
Benefit -- Medical**	7%	7%	7%	7%	7%	7%
Salary Savings	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

¶

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units 6.5% is effective from 4/1/2024.¶*

***Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).¶*

****Based on historical trends.¶*

¶

"
The·Town's·required·employer·contribution·rate·estimates·were·developed·using·data·provided·by·each·plan's·most·recent·CalPERS·actuarial·valuation.··The·employer·contribution·rates·reflect·percentages·of·covered·payroll.··Forecasted·rates·for·FY·2024/25·and·subsequent·years·are·based·on·the·most·recent·CalPERS·actuarial·valuation·Reports·as·adjusted·by·the·impact·related·to·the·FY·2022/23·CalPERS·6.1%·investment·return·and·forecasted·payroll.¶

¶

Beginning·in·FY·2021/22,·the·estimates·of·employer·contributions·were·credited·with·an·anticipated·reductions·associated·with·the·approximate·$4.8·million·additional·discretionary·payment·(ADP)·toward·the·2016·unfunded·amortization·base·paid·off·in·October·2019·and·the·total·of·approximately·$5.8·million·in·ADPs·toward·unfunded·2013·and·2015·amortization·bases·that·were·paid·off·in·FY·2020/21.·¶

¶

Type·of·Expenditure¤	FY2024/25 Budget¤	FY·2025/26 Forecast¤	FY·2026/27 Forecast¤	FY2027/28 Forecast¤	FY2028/29 Forecast¤	FY·2029/30 Forecast¤
Safety·POA¤	94.98%¤	98.72%¤	102.27%¤	106.14%¤	115.00%¤	117.32%¤
Safety·Management¶ POA¤	97.98%¤	101.72%¤	105.27%¤	109.14%¤	118.00%¤	122.32%¤
Safety·POA·-·PEPRA¤	15.56%¤	15.56%¤	15.68%¤	15.69%¤	16.32%¤	16.61%¤
Miscellaneous TEA/Confidential/·Management¤	30.62%¤	29.65%¤	31.01%¤	32.28%¤	33.81%¤	34.49%¤
Miscellaneous TEA/Confidential/·Management PEPRA¶ Separate·PEPRA·rate·for·Miscellaneous·has·not·been·established·yet·by·CalPERS.¤	30.62%¤	29.65%¤	31.01%¤	32.28%¤	33.81%¤	34.49%¤

¶

**Safety·Classic·Rate·reflects·3%·decrease·in·employer's·contribution·rate·to·reflect·3%·contribution·as·negotiated·with·the·Town's·POA·during·the·collective·bargaining·process·effective·FY·2019/20.¶*

¶

¶

¶

SUMMARY OF CHANGES FY 2024-25
FROM PROPOSED TO ADOPTED

Per Measure A, the Finance Commission received the Proposed FY 2023/24 Operating and Capital Budgets 21 business days before May 16, 2023, which was the first meeting at which the Proposed Budgets were considered by the Town Council. The Finance Commission held three public meetings at which Commissioners discussed the Proposed Budgets and provided recommendations to the Town Council per Measures A and G. On May 16, 2023, the Town Council conducted a public hearing to discuss the proposed FY 2023/24 Operating and Capital Summary Budget and Proposed FY 2023/24 – 2027/28 Capital Improvement Program. The Town Council considered public testimony, discussed both documents, considered the Finance Commission recommendations, and directed staff to bring back the documents for final approval incorporating the Council recommendations.

The Town Council adopted a balanced budget on June 6, 2023. The Adopted Budget includes a 4.6% vacancy factor, while Council directed that staff continue to hire for all vacant positions. The 4.6% salary savings represents approximately $1.7 million projected saving that eliminates a need for Other Post Employment Benefits (OPEB) Trust withdrawal. The Adopted Budget fully recognizes the Educational Revenue Augmentation Fund (ERAF) proceeds for FY 2023/24. The Council programmed 70% of the estimated revenue and reserved 30% as the “at risk” amount until the lawsuit between the State and the School Districts is resolved.

The following table represent the changes from the proposed budget to the adopted budget.

	2023/24 Proposed Budget	Estimated Budget Revision	2023/24 Recommended Budget	
REVENUES				
General Fund	$54,130,896	$ (914,326) (1)	$ 53,216,570	
Special Revenue Funds	542,380	-	$ 542,380	
Internal Service Funds	4,947,389	-	$ 4,947,389	
Capital Project Funds (does not include carryforwards)	8,547,920	-	$ 8,547,920	
Successor Agency Funds	3,811,664	-	$ 3,811,664	
TOTAL REVENUES	**$71,980,249**	**$ (914,326)**	**$ 71,065,923**	
OTHER FUNDING SOURCES				
Designated One-Time Use of General Fund Reserves	2,361,000	$ 33,000	2,394,000	(2)
TOTAL TOWN REVENUES & OTHER FUNDING SOURCES	**$74,341,249**	**$ (881,326)**	**$ 73,459,923**	
TOTAL TOWN EXPENDITURES, TRANSFERS OUT & CARRYFORWARD APPROPRIATION				
General Fund	$56,101,896	$ (1,586,649) (3)	$ 54,515,247	
Special Revenue Funds	469,381	(9,794) (4)	459,587	
Internal Service Funds	6,132,798	-	6,132,798	
Capital Project Funds (does not include carryforwards)	10,658,747	- (5)	10,658,747	
Successor Agency Funds	3,801,021	(87) (6)	3,800,934	
TOTAL TOWN EXPENDITURE & OTHER FUNDING USES	**$77,163,843**	**$ (1,596,530)**	**$ 75,567,313**	
GENERAL FUND SOURCE(USE) OF FUND BALANCES	$ 390,000	$ 660,900	$ 1,095,323	
OTHER FUNDS SOURCE(USE) OF FUND BALANCES	(3,212,594)		(3,202,713)	(7)
TOTAL SOURCE(USE) OF FUND BALANCES	$ (2,822,594)	$ 715,204	$ (2,107,390)	

(1) Additional General Fund Revenues
$1,608,226 Decreases OPEB Trust Reimbursement for Retiree Medical
$660,900 Increases Additional ERAF Proceeds to Reserve At Risk
$33,000 - Increase ARPA Replacement Pass Through Revenue - Tracking

(2) Designated One-Time Use of the General Fund Reserves during FY 2023/24
$1,615,000 - Transfer to Capital Projects (GFAR)
$779,000 - ARPA Revenue Replacement Tracking

(3) General Fund Expenditures
$1,663,649 - Decrease - 4.6% Salary Saving Factor
$11,000- Increase Project Based Boards and Commissions Support
$33,000 - Increase Chamber Agreement
$33,000 - Increase ARPA Replacement Pass Through Expenditure - Tracking

(4) Special Revenue Fund Expenditures
$9,794 - Decrease - 4.6% Salary Saving Factor

(5) Capital Project Funds Expenditures
No Change in Total Expenditures, $35,000 transferred from the Lynn Avenue Pedestrian Path Design Project (411-832-4510) to Emergency Preparedness Project (411-821-2012)

(6) Successor Agency Funds Expenditures
$87 - Decrease - 4.6% Salary Saving Factor

(7) Other Funds Source (Use) represents planned one-time uses of Internal Service Funds, Special Revenue Funds, Trust Funds, and Capital Project Funds primary for infrastructure and equipment investment.

Numbers may differ between exhibits due to rounding.

While the Adopted Budget document reflects all of the approved changes, the Town Manager Transmittal Letter dated April 17, 2023 represents the proposed FY 2023/24 Operating and Capital Budgets as it was submitted on April 17, 2023. The five-year forecast on the following page has been updated to reflect the adjustments to revenues and expenditures in the FY 2023/24 Adopted Budget.

Account	Revenue Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
4100	Property Tax	$ 17.0	$ 17.2	$ 17.9	$ 17.8	$ 18.5	$ 18.9	$ 19.5	$ 20.1
4110	VLF Backfill Property Tax	4.6	4.6	4.7	4.8	5.0	5.1	5.3	5.4
4200	Sales & Use Tax	7.5	7.7	7.9	8.1	8.5	8.7	9.0	9.3
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
4250	Franchise Fees	2.7	2.7	2.1	1.9	1.9	1.9	2.0	2.0
4251	Transient Occupancy Tax	2.0	2.3	2.4	2.5	2.6	2.6	2.6	2.7
4400	Business License Tax	2.4	2.3	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	2.9	2.9	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.3	0.9	0.9	0.9	1.0	1.0	1.0
4600	Town Services	4.8	5.1	4.4	4.2	4.2	4.3	4.4	4.6
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.7	1.0	0.9	0.9	0.9	0.9	0.9
4850	Other Sources	3.5	7.1	3.6	2.8	2.8	3.0	2.9	2.9
4900	Fund Transfers In	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		$ 51.1	$ 55.9	$ 52.2	$ 51.3	$ 52.8	$ 54.2	$ 55.5	$ 57.0
	Capital	2.4	2.4	1.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	-	-	-	-	-	-
	Use of OPEB Trust			-	-	-	-	-	-
	ARPA Replacement Revenue	1.6	-	-	-	-	-	-	-
	Vitalities	-	6.1	0.7	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 55.4	$ 64.7	$ 54.5	$ 52.1	$ 53.6	$ 55.0	$ 56.3	$ 57.8

Account	Expenditure Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Adopted Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
5110	Salary	23.0	22.5	23.2	23.8	24.4	25.0	25.5	26.0
5120	CalPERS Benefits	7.7	6.8	8.2	8.6	8.9	9.6	10.2	11.1
5200	All Other Benefits	4.6	3.9	4.7	4.8	4.9	5.0	5.1	5.2
	4.6% Salary and Benefits Savings	-	-	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)
6211	OPEB Pay as You Go	1.6	1.6	1.6	1.8	1.9	2.0	2.0	2.0
6000	Operating Expenditures	8.0	11.7	9.0	8.8	8.9	9.2	9.3	9.7
7200	Grants & Awards	0.5	1.2	0.8	0.6	0.6	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	3.4	3.6	3.7	3.9	4.1	4.2
8900	Debt Service	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES		$ 50.8	$ 53.0	$ 51.9	$ 52.9	$ 54.2	$ 55.9	$ 57.4	$ 59.4
	GASB 45 Retiree Medical Actuarial	-	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 51.5	$ 53.7	$ 52.3	$ 53.3	$ 54.6	$ 56.3	$ 57.8	$ 59.8
	Capital Transfers Out to GFAR	2.4	2.4	1.6	1.1	1.1	1.1	1.1	1.1
	1/2 of Measure G Proceeds to Capital	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
	Fund	0.4	0.7	-	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Recovery	-	5.7	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 54.9	$ 63.1	$ 54.5	$ 55.1	$ 56.4	$ 58.1	$ 59.6	$ 61.6
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ 0.5	$ 1.6	$ -	$ (3.0)	$ (2.8)	$ (3.1)	$ (3.3)	$ (3.8)

* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes $0.1 million.
General Fund (111) Forecast does not include Pension Trust activities.

The following table illustrates the previous projected deficits relative to the updated Forecast.

Original 5 Year Forecast	2024/25 Forecast ($M)	2025/26 Forecast ($M)	2026/27 Forecast ($M)	2027/28 Forecast ($M)	2028/29 Forecast ($M)
Proposed Surplus/Deficit	($3.1)	($2.8)	($3.2)	($3.5)	($4.0)
Adopted Surplus/Deficit	($3.0)	($2.8)	($3.1)	($3.3)	($3.8)

General Fund 5-Year Forecast - Base Case
(in $ million)

Revenue Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Property Tax	$ 18.2	$ 18.6	$ 19.0	$ 18.6	$ 19.5	$ 20.4	$ 21.3	$ 22.3
VLF Backfill Property Tax	4.6	4.7	4.9	4.9	5.2	5.4	5.7	6.0
Sales & Use Tax	7.5	7.9	7.0	7.0	7.2	7.2	7.3	7.5
Measure G District Sales Tax	1.3	1.3	1.2	1.3	1.3	1.4	1.4	1.4
Franchise Fees	3.1	2.1	3.3	3.4	3.5	3.6	3.7	3.8
Transient Occupancy Tax	2.2	2.4	2.3	2.3	2.4	2.5	2.5	2.6
Business License Tax	2.4	2.4	2.4	2.5	2.6	2.7	2.7	2.8
Licenses & Permits	3.3	2.9	3.3	2.9	3.0	3.1	3.2	3.3
Intergovernmental	1.6	1.2	1.4	0.9	0.9	1.0	0.9	0.9
Town Services	4.6	4.4	5.1	4.2	4.3	4.4	4.5	4.6
Fines & Forfeitures	0.4	0.2	0.4	0.4	0.4	0.4	0.4	0.4
Interest	0.6	1.0	1.6	1.7	1.6	1.5	1.4	1.3
Other Sources	8.1	3.9	4.1	3.1	3.1	3.2	3.3	3.2
Fund Transfers In	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*	$ 58.4	$ 53.5	$ 56.6	$ 53.7	$ 55.5	$ 57.3	$ 58.8	$ 60.6
Use of Capital/Special Projects Reserve	2.4	2.1	0.8	0.8	0.8	0.8	0.8	0.8
Use of Pension/OPEB Reserve	0.3	-	0.3	-	-	-	-	-
Use of Council Priorites - Economic Recovery	-	1.6	1.5	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES	$ 61.1	$ 57.2	$ 59.2	$ 54.5	$ 56.3	$ 58.1	$ 59.6	$ 61.4

Expenditure Category	FY 2022/23 Actuals	FY 2023/24 Adjusted Budget	FY 2023/24 Estimates	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Salary	$ 20.4	21.3	21.5	23.2	23.7	24.2	24.8	25.3
Overtime	1.4	0.6	1.2	0.6	0.6	0.6	0.6	0.6
CalPERS Benefits	7.1	8.2	7.3	9.0	9.1	9.7	10.3	11.2
All Other Benefits	3.8	4.7	4.2	5.6	5.8	6.0	6.2	6.4
4.6% Salary and Benefits Savings	-	-	-	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)
OPEB Pay as You Go	1.5	1.6	1.6	1.8	1.9	2.0	2.0	2.0
Operating Expenditures	11.7	10.0	10.9	8.7	8.8	9.2	9.4	9.7
Grants & Awards	0.6	0.9	0.9	0.4	0.3	0.3	0.3	0.3
Utilities	0.6	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Internal Service Charges	2.6	3.4	3.3	4.0	4.2	4.4	4.6	4.8
Debt Service	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES	$ 51.8	$ 53.4	$ 53.8	$ 54.2	$ 55.5	$ 57.5	$ 59.1	$ 61.2
Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY	$ 52.5	$ 53.8	$ 54.5	$ 54.6	$ 55.9	$ 57.9	$ 59.5	$ 61.6
Capital Transfers Out to GFAR	2.4	1.6	1.6	1.1	1.1	1.1	1.1	1.1
Allocate ERAF Risk Reserve	0.7	0.7	0.8	-	-	-	-	-
Allocate to Pension Trust	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL EXPENDITURES & RESERVE ALLOCATIONS	$ 56.2	$ 57.2	$ 57.5	$ 56.8	$ 58.1	$ 60.1	$ 61.7	$ 63.8
NET REVENUES , TRANSFERS IN, USE OF RESERVES LESS EXPENDITURES, TRANSFERS IN, AND RESERVE ALLOCATIONS	$ 4.9	$ -	$ 1.7	$ (2.3)	$ (1.8)	$ (2.0)	$ (2.1)	$ (2.4)

* Due to rounding of individual categories FY 2022/23 Actual total revenues, and FY 2023/24 Estimated total expenditures includes $0.1 million.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2023-24 MID-YEAR REPORT AND FORECAST – PU
2/10/2024)

Type of Revenue	FY 2023/24 Estimates Baseline	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office February 2024 report	5.1%	5.1%	5.1%	5.1%	5.1%
Motor Vehicle License in Lieu (VLF)	Current baseline set by SCC Assessor Office February 2024 report	5.1%	5.1%	5.1%	5.1%	5.1%
ERAF	Current baseline set 100% of SCC Assessor Office November 2023 report Reserving 30% to ERAF Risk Reserve	$1.25 million	$1.25 million	$1.25 million	$1.25 million	$1.25 million
Sales Tax	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates
Sales Tax -- Measure G	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates	MuniServices January 2024 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2023/24 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2023/24 Estimates	3%	3%	3%	3%	3%
Business License Tax	Current baseline set by FY 2023/24 Estimates	2%	2%	2%	2%	2%
License & Permits	Current baseline set by FY 2023/24 Estimates	3%	3%	3%	3%	3%

Type·of·Revenue¤	FY·2023/24 Estimates Baseline¤	FY·2024/25 Forecast¤	FY·2025/26 Forecast¤	FY·2026/27 Forecast¤	FY·2027/28 Forecast¤	FY·2028/29 Forecast¤
Town·Services¤	Current·baseline·set·by·FY·2023/24·Estimates¤	3%¤	3%¤	3%¤	3%¤	3%¤
Fine·&·Forfeitures¤	Current·baseline·set·by·FY·2023/24·Estimates¤	Varies¤	Varies¤	Varies¤	Varies¤	Varies¤
Interest¤	Current·baseline·set·by·FY·2023/24·Actuals¤	4%¤	4%¤	3%¤	3%¤	3%¤
Other·Sources¤	Current·baseline·set·by·FY·2023/24·Estimates¤	Varies¤	Varies¤	Varies¤	Varies¤	Varies¤

¶
¶
¶

¶

Beginning·in·FY·2020/21,·the·Town·started·budgeting·salaries·at·the·actual·salary·plus·a·one-step·increase.··In·the·Five-Year·Forecast,·positions·are·forecasted·at·the·actual·rate·of·pay·including·salaries·and·benefits·as·of·December·31,·2023.·Beginning·FY·2023/24·the·total·budget·includes·4.6%·vacancy·factor.¶

Type·of·Expenditure¤	FY·2023/24 Budget¤	FY·2024/25 Forecast¤	FY·2025/26 Forecast¤	FY·2026/27 Forecast¤	FY·2027/28 Forecast¤	FY·2024/25 Forecast¤
Salaries*(TEA,·Conf,·Temp)¤	3%¤	2%¤	2%¤	2%¤	2%¤	2%¤
Salaries·*(POA)¤	3%¤	2%¤	2%¤	2%¤	2%¤	2%¤
Salaries*(AFSCME)¶ ¤	3%¤	2%¤	2%¤	2%¤	2%¤	2%¤
Salaries·*·(Management)¤	3%¤	2%¤	2%¤	2%¤	2%¤	2%¤
Benefit·-·Medical**¤	7%¤	7%¤	7%¤	7%¤	7%¤	7%¤
Operating·Expenditures***¤	3%¤	3%¤	3%¤	3%¤	3%¤	3%¤
Grants·&·Awards¤	0%¤	0%¤	0%¤	0%¤	0%¤	0%¤
Utilities***¤	Varies¤	3%¤	3%¤	3%¤	3%¤	3%¤
Workers·Comp·Charges¤	Based·on·projected·payroll¤	Additional·$0.5·M·to·the·base¤	3%¤	3%¤	3%¤	3%¤
General·Liability·Charges¤	Based·on·projected·payroll¤	Additional·$0.45·M·to·the·base¤	3%¤	3%¤	3%¤	3%¤
Other·Internal·Service·Charges***¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤
Debt·Service¤	Debt·Service·Schedules¤					

¶

**Salary·increases·are·based·on·actual·step·increases·and·approved·Memoranda·of·Understanding·with·the·bargaining·units·plus·the·Council's·assumption·of·2%·per·year·cost·of·living·adjustment.¶*

***·Benefit·increase·estimates·are·provided·by·CalPERS/Public·Employees'·Medical·and¶ Hospital·Care·Act·(PEMHCA)¶*

****·Based·on·historical·trends.¶*

¶

The·Town's·required·employer·contribution·rate·estimates·were·developed·using·data·provided·by·each·plan's·most·recent·CalPERS·actuarial·valuation.··The·employer·contribution·rates·reflect·percentages·of·covered·payroll.··Rates·shown·for·FY·2023/24·are·actual·rates·as·prescribed·by·CalPERS.··Forecasted·rates·for·FY·2024/25·and·subsequent·years·are·based·on·the·most·recent·CalPERS·actuarial·valuation·Reports·as·adjusted·by·the·impact·related·to·the·FY·2022/23·CalPERS·6.1%·investment·return·and·forecasted·payroll.¶

¶

Beginning·in·FY·2021/22,·the·estimates·of·employer·contributions·were·credited·with·an·anticipated·reductions·associated·with·the·approximate·$4.8·million·additional·discretionary·payment·(ADP)·toward·the·2016·unfunded·amortization·base·paid·off·in·October·2019·and·the·total·of·approximately·$5.8·million·in·ADPs·toward·unfunded·2013·and·2015·amortization·bases·that·were·paid·off·in·FY·2020/21.·¶

¶

Type·of·Expenditure¤	FY·2023/24 Forecast¤	FY·2024/25 Forecast¤	FY·2025/26 Forecast¤	FY·2026/27 Forecast¤	FY·2027/28 Forecast¤	FY2028/29 Forecast¤
Safety POA¤	81.31%¤	96%¤	98.7%¤	102.3%¤	106.1%¤	116.0%¤
Safety·Management¶ POA¤	84.31%¤	99%¤	101.7%¤	105.3%¤	109.1%¤	118%¤
Safety POA·-·PEPRA¤	14.5%¤	15.6%¤	15.6%¤	15.7%¤	16.0%¤	16.0%¤
Miscellaneous TEA/AFSCME/Confidential/·Management¤	29.97%¤	30.6%¤	296%¤	31.0%¤	32.3%¤	33.8%¤
Miscellaneous TEA/AFSCME/Confidential/·Management PEPRA¶ Separate·PEPRA·rate·for·Miscellaneous·has·not·been·established·yet·by·CalPERS.¤	29.97%¤	30.6%¤	296%¤	31.0%¤	32.3%¤	33.8%¤

¶

¶

Town of Los Gatos General Fund 5-Year Forecast
(in $ million)

Account	Revenue Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Proposed Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
4100	Property Tax	$ 17.0	$ 17.2	$ 17.9	$ 17.8	$ 18.5	$ 18.9	$ 19.5	$ 20.1
4110	VLF Backfill Property Tax	4.6	4.6	4.7	4.8	5.0	5.1	5.3	5.4
4200	Sales & Use Tax	7.5	7.7	7.9	8.1	8.5	8.7	9.0	9.3
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4
4250	Franchise Fees	2.7	2.7	2.1	1.9	1.9	1.9	2.0	2.0
4251	Transient Occupancy Tax	2.0	2.3	2.4	2.5	2.6	2.6	2.6	2.7
4400	Business License Tax	2.4	2.3	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	2.9	2.9	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.3	0.9	0.9	0.9	1.0	1.0	1.0
4600	Town Services	4.8	5.1	4.4	4.2	4.2	4.3	4.4	4.6
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.7	1.0	0.9	0.9	0.9	0.9	0.9
4850	Other Sources	3.5	7.1	3.6	2.8	2.8	3.0	2.9	2.9
4900	Fund Transfers In	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		$ 51.1	$ 55.9	$ 52.2	$ 51.3	$ 52.8	$ 54.2	$ 55.5	$ 57.0
	Capital	2.4	2.4	1.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	-	-	-	-	-	-
	Use of OPEB Trust			1.6	-	-	-	-	-
	ARPA Replacement Revenue	1.6	-	-	-	-	-	-	-
	Vitalities	-	6.1	0.7	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 55.4	$ 64.7	$ 56.1	$ 52.1	$ 53.6	$ 55.0	$ 56.3	$ 57.8

Account	Expenditure Category	FY 2022/23 Adjusted Budget	FY 2022/23 Estimates	FY 2023/24 Proposed Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast	FY 2028/29 Forecast
5110	Salary	23.0	22.5	23.2	23.8	24.4	25.0	25.5	26.0
5120	CalPERS Benefits	7.7	6.8	8.2	8.6	8.9	9.6	10.2	11.1
5200	All Other Benefits	4.6	3.9	4.7	4.8	4.9	5.0	5.1	5.2
	4% Salary and Benefits Savings	-	-	-	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)
6211	OPEB Pay as You Go	1.6	1.6	1.6	1.8	1.9	2.0	2.0	2.0
6000	Operating Expenditures	8.0	11.7	8.9	8.7	8.9	9.2	9.3	9.7
7200	Grants & Awards	0.5	1.2	0.7	0.6	0.3	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	3.4	3.6	3.7	3.9	4.1	4.2
8900	Debt Service	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL OPERATING EXPENDITURES		$ 50.8	$ 53.0	$ 53.5	$ 53.0	$ 54.2	$ 56.0	$ 57.6	$ 59.6
	GASB 45 Retiree Medical Actuarial	-	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 51.5	$ 53.7	$ 53.9	$ 53.4	$ 54.6	$ 56.4	$ 58.0	$ 60.0
	Capital Transfers Out to GFAR	2.4	2.4	1.6	1.1	1.1	1.1	1.1	1.1
	1/2 of Measure G Proceeds to Capital	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
	Fund	0.4	0.7	-	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Recovery	-	5.7	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 54.9	$ 63.1	$ 56.1	$ 55.2	$ 56.4	$ 58.2	$ 59.8	$ 61.8
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ 0.5	$ 1.6	$ -	$ (3.1)	$ (2.8)	$ (3.2)	$ (3.5)	$ (4.0)

* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes $0.1 million.
General Fund (111) Forecast does not include Pension Trust activities.

Type of Revenue Base Line Estimate	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Property Tax/VLF Backfill SCC Assessor Office January 2023 report.	3%	3%	3%	3%	3%	3%
North 40 Property Sales Additional	$187K	$327K Cumulative	$467K Cumulative	3%	3%	3%
ERAF SCC Assessor Office March 2023 report	SCCAO Recommends 70% of FY 2022/23 Anticipated Proceeds	50% of FY 2023/24 Anticipated Proceeds $770K	50% of FY 2023/24 Anticipated Proceeds $770K	50% of FY 2023/24 Anticipated Proceeds $770K	50% of FY 2023/24 Anticipated Proceeds $770K	50% of FY 2023/24 Anticipated Proceeds $770K
Sales Tax	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates
Sales Tax - Measure G	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates	MuniServices March 2023 Most Likely Estimates
Franchise Fee (Not Including Garbage Franchise Fees)	Current baseline set by FY 2022/23 Year End Estimates	3%	3%	3%	3%	3%
Garbage Franchise Fee	Partial proceeds from July 2023 – Feb 2024 $1.2M	50% of FY 2022/23 anticipated proceeds $940K	50% of FY 2022/23 anticipated proceeds $940K	50% of FY 2022/23 anticipated proceeds $940K	50% of FY 2022/23 anticipated proceeds $940K	50% of FY 2022/23 anticipated proceeds $940K

Type of Revenue Base Line Estimates	FY 2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Transient Occupancy Tax Current baseline set by FY 2022/23 Year End Estimates	3%	3%	3%	3%	1%	1%
Business License Tax Current baseline set by FY 2022/23 Year End Estimates	2%	2%	2%	2%	2%	2%
License & Permits Current baseline set by FY 2022/23 Year End Estimates	4.4%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2022/23 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2022/23 Year End Estimates	1%	Varies	Varies	Varies	Varies	Varies
Interest	Varies based on portfolio	1%	1%	1%	1%	1%
Other Sources Current baseline set by FY 2022/23 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 70% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of March 1, 2022 and rate is increasing in the actual anniversary date. The FY 2024/25 – FY 2028/29 Forecast includes 4% salary savings. All positions are fully budgeted in FY 2023/24 Proposed Budget.

Type of Expenditure	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Salaries*	3%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Salary Savings	0%	4%	4%	4%	4%	4%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.*

***Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).*

****Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2024/25 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate $4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately $5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY2023/24 Budget	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY2027/28 Forecast	FY 2028/29 Forecast
Safety POA	81.30%	87.00%	90.90%	90.80%	99.30%	108.40%
Safety Management POA	84.30%	90.00%	93.90%	93.80%	102.30%	111.40%
Safety POA - PEPRA	14.50%	14.70%	15.00%	15.40%	15.90%	16.40%
Miscellaneous TEA/Confidential/ Management	29.97%	29.20%	28.30%	29.80%	31.00%	32.50%
Miscellaneous TEA/Confidential/ Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.97%	29.20%	28.30%	29.80%	31.00%	32.50%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*

Town of Los Gatos General Fund 5-Year Forecast - Base Case
(in $ million)

Account	Revenue Category	2021/22 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
4100	Property Tax	$ 16.9	$ 16.6	$ 17.0	$ 16.3	$ 16.8	$ 17.3	$ 17.8	$ 18.4
4110	VLF Backfill Property Tax	4.2	4.4	4.6	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.2	7.9	7.5	7.7	8.0	8.2	8.4	8.7
4200	Measure G District Sales Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4
4250	Franchise Fees	2.8	2.5	2.7	2.7	2.8	2.9	3.0	3.1
4251	Transient Occupancy Tax	1.9	1.6	2.0	2.1	2.2	2.2	2.3	2.4
4400	Business License Tax	1.5	1.4	2.4	2.5	2.5	2.6	2.6	2.7
4400	Licenses & Permits	4.8	2.8	2.9	2.9	3.0	3.1	3.2	3.3
4500	Intergovernmental	1.3	1.1	1.3	1.0	1.0	1.0	1.2	1.1
4600	Town Services	5.3	4.4	5.1	3.8	3.8	3.9	4.0	4.1
4700	Fines & Forfeitures	0.3	0.2	0.2	0.2	0.2	0.2	0.3	0.3
4800	Interest	(1.4)	0.4	0.5	0.4	0.4	0.4	0.4	0.4
4850	Other Sources	7.0	3.2	2.5	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		$ 53.7	$ 48.3	$ 50.5	$ 48.1	$ 49.3	$ 50.6	$ 52.3	$ 53.7
	Capital	0.6	2.4	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	0.3	0.3	0.3	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	0.7	-	-	-	-	-	-
	ARPA Replacement Revenue	-	1.6	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 56.9	$ 54.5	$ 53.2	$ 48.9	$ 50.1	$ 51.4	$ 53.1	$ 54.5

Account	Expenditure Category	2021/22 Actuals	2022/23 Adjusted Budget	2022/23 Estimates	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
5110	Salary	20.0	23.3	22.0	23.1	23.6	24.1	24.6	25.2
5120	CalPERS Benefits	6.5	7.7	7.1	8.1	8.4	8.5	9.0	9.4
5200	All Other Benefits	3.7	4.6	3.9	4.4	4.5	4.6	4.7	4.8
6211	OPEB Pay as You Go	1.4	1.5	1.6	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	10.4	7.1	7.8	6.9	7.2	7.3	7.6	7.7
7200	Grants & Awards	1.8	0.2	0.6	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.6	2.7	2.4	2.9	3.1	3.3	3.7	3.8
8900	Debt Service	2.1	1.9	2.0	2.1	2.1	2.1	1.9	2.1
TOTAL OPERATING EXPENDITURES		$ 49.0	$ 49.5	$ 48.1	$ 49.8	$ 51.3	$ 52.5	$ 54.3	$ 55.8
	GASB 45 Retiree Medical Actuarial	0.1	-	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.7	0.4	0.7	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 49.8	$ 49.9	$ 48.8	$ 50.2	$ 51.7	$ 52.9	$ 54.7	$ 56.2
	Capital Transfers Out to GFAR	1.2	2.3	2.4	0.8	0.8	0.8	0.8	0.8
	1/2 of Measure G Proceeds to Capital	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.7
	Fund	-	0.4	0.7	-	-	-	-	-
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	1.1		-	-	-	-	-	-
	Allocate to Compensated Absences	(0.2)	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	(0.4)	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	0.3	-	-	-	-	-	-	-
	Allocate from CalPERS/Pension	(0.3)	-	-	-	-	-	-	-
	Allocate to Authorized Carryforwards	0.03	-	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 52.1	$ 53.3	$ 52.5	$ 51.6	$ 53.2	$ 54.4	$ 56.2	$ 57.7
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ 4.7	$ 1.2	$ 0.7	$ (2.7)	$ (3.1)	$ (3.0)	$ (3.1)	$ (3.2)

* Due to rounding of individual categories FY 2022/23 Estimated Total Expenditures and Reserve Allocations includes $0.1 million.
General Fund (111) Forecast does not include Pension Trusts activities.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2022-23 MID-YEAR REPORT AND FORECAST – PU
2/10/2023)

Type of Revenue	FY 2022/23 Estimates Baseline	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office November 2022 report	3%	3%	3%	3%	3%
ERAF	Current baseline set 70% of SCC Assessor Office November 2022 report	$400K	$400K	$400K	$400K	$400K
Sales Tax	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates
Sales Tax - Measure G	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates	MuniServices January 2023 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2022/23 Estimates	5%	3%	3%	3%	3%
Business License Tax	Current baseline set by FY 2022/23 Estimates	2%	2%	2%	2%	2%
License & Permits	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%
Town Services	Current baseline set by FY 2022/23 Estimates	3%	3%	3%	3%	3%

Type of Revenue	FY 2022/23 Estimates Baseline	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Fine & Forfeitures	Current baseline set by FY 2022/23 Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Current baseline set by FY 2021/22 Actuals	1%	1%	1%	1%	1%
Other Sources	Current baseline set by FY 2022/23 Estimates	Varies	Varies	Varies	Varies	Varies

Beginning in FY 2020/21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of January 20, 2023, and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Salaries*(TEA, Conf, Temp)	3-8%	3%	2%	2%	2%	2%
Salaries *(POA)	7.25%	3%	2%	2%	2%	2%
Salaries*(AFSCME)	7.5%	3%	2%	2%	2%	2%
Salaries * (Management)	3%	3%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 2% per year cost of living adjustment.*
*** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)*
**** Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2023/24 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS actuarial valuation Reports as adjusted by the impact related to the FY 2021/22 CalPERS negative 7.5% investment return and forecasted payroll.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate $4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately $5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Safety POA	69.44%	81.31%	86.65%	90.15%	93.71%	96.09%
Safety Management POA	72.44%	84.31%	89.65%	93.15%	96.71%	99.09%
Safety POA - PEPRA	14.62%	14.5%	14.5%	14.5%	14.5%	14.5%
Miscellaneous TEA/AFSCME/Confidential/ Management	29.92%	29.97%	28.67%	27.53%	28.58%	29.06%
Miscellaneous TEA/AFSCME/Confidential/ Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	29.97%	28.67%	27.53%	28.58%	29.06%

FY 2022-23 PROPOSED BUDGET FORECAST- PUBLISHED 4/18/2022

Account	Revenue Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
4100	Property Tax	$ 15.4	$ 15.7	$ 16.6	$ 15.7	$ 16.1	$ 16.6	$ 17.1	$ 17.6
4110	VLF Backfill Property Tax	4.2	4.2	4.4	4.5	4.6	4.8	4.9	5.1
4200	Sales & Use Tax	7.0	7.5	7.9	8.2	8.5	8.8	9.1	9.3
4200	Measure G District Sales Tax	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.5
4250	Franchise Fees	2.5	2.4	2.5	2.6	2.6	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.4	1.4	1.6	1.7	1.8	1.9	1.9	2.0
4400	Business License Tax	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
4400	Licenses & Permits	3.1	3.1	2.8	2.8	2.9	3.0	3.1	3.2
4500	Intergovernmental	4.0	1.1	1.1	1.0	1.0	1.0	1.2	1.1
4600	Town Services	4.2	4.3	4.2	4.0	4.1	4.1	4.2	4.3
4700	Fines & Forfeitures	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3
4850	Other Sources	2.6	2.4	2.2	2.2	2.2	2.2	2.3	2.2
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		$ 48.1	$ 45.8	$ 47.0	$ 46.4	$ 47.5	$ 48.9	$ 50.4	$ 51.5
	Capital	0.6	0.6	2.4	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	-	0.3	-	-	-	-	-	-
	Use of Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Use of Measure G Reserve	1.1	1.1	-	-	-	-	-	-
	ARPA Replacement Revenue	-	-	1.0	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 51.0	$ 49.0	$ 50.4	$ 47.2	$ 48.3	$ 49.7	$ 51.2	$ 52.3

Account	Expenditure Category	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Proposed Budget	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
5110	Salary	20.9	19.2	21.5	21.6	22.2	22.5	23.0	23.5
5120	CalPERS Benefits	7.3	6.2	7.3	7.5	7.8	7.7	8.0	8.1
5200	All Other Benefits	4.2	3.4	4.4	4.6	4.7	4.8	5.0	5.1
6211	OPEB Pay as You Go	1.5	1.5	1.5	1.5	1.6	1.7	1.8	1.9
6000	Operating Expenditures	6.4	7.0	6.9	6.8	7.1	7.1	7.4	7.5
7200	Grants & Awards	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
8060	Internal Service Charges	2.7	2.6	2.7	2.9	3.1	3.4	3.7	3.8
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		$ 46.6	$ 43.3	$ 47.0	$ 47.5	$ 49.3	$ 50.1	$ 51.7	$ 52.9
	GASB 45 Retiree Medical Actuarial	0.1	0.1	-	-	-	-	-	-
	Additional Discretionary Payment - Pension	0.4	0.7	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 47.1	$ 44.1	$ 47.4	$ 47.9	$ 49.7	$ 50.5	$ 52.1	$ 53.3
	Capital Transfers Out to GFAR	2.8	2.8	2.3	0.8	0.8	0.8	0.8	0.8
	Proceeds	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	-	0.5	-	-	-	-	-	-
	Allocate to Compensated Absences	-	-	-	-	-	-	-	-
	Allocate to Market Fluctuation	-	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	-	0.3	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 50.5	$ 48.3	$ 50.4	$ 49.4	$ 51.2	$ 52.0	$ 53.7	$ 54.9
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ 0.5	$ 0.6	$ -	$ (2.2)	$ (2.9)	$ (2.3)	$ (2.5)	$ (2.6)

* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes $0.1 million.
General Fund (111) Forecast does not include Pension Trusts activities.

Type of Revenue Base Line Estimate	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Property Tax/VLF Backfill SCC Assessor Office January 2022 report.	3%	3%	3%	3%	3%	3%
North 40 Property Sales Starting in FY 2021/22	North 40 Sales	3%	3%	3%	3%	3%
ERAF SCC Assessor Office March 2022 report	SCCA recommend 70% of FY 2021/22 anticipated proceeds	$400K	$400K	$400K	$400K	$400K
Sales Tax	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Sales Tax - Measure G	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates	MuniServices 3/16/2022 Most Likely Estimates
Franchise Fee Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax Current baseline set by FY 2021/22 Year End Estimates	Current baseline set by FY 2021/22 Year End Estimates	5%	5%	3%	3%	3%

Type of Revenue Base Line Estimates	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Business License Tax Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	0%	0%	0%
License & Permits Current baseline set by FY 2021/22 Year End Estimates	3%	3%	3%	3%	3%	3%
Town Services Current baseline set by FY 2021/22 Year End Estimates	3%	3%	0%	3%	3%	3%
Fine & Forfeitures Current baseline set by FY 2021/22 Year End Estimates	3%	Varies	Varies	Varies	Varies	Varies
Interest Current baseline set by FY 2021/22 Year End Estimates	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio	Varies based on portfolio
Other Sources Current baseline set by FY 2021/22 Year End Estimates	Varies	Varies	Varies	Varies	Varies	Varies

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already at top step or one step below top step. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2022 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Salaries*	2%	2%	2%	2%	2%	2%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.*

***Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA).*

****Based on historical trends.*

The Town's required employer contribution rate estimates were developed using data provided by each plan's most recent CalPERS actuarial valuation. The employer contribution rates reflect percentages of covered payroll. Rates shown for FY 2022/23 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2023/24 and subsequent years are based on the most recent CalPERS actuarial valuation reports and staff assumptions regarding staff's current estimate of returns for FY 2021/22 which are presently expected to below the 6.8% discount rate.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate $4.8 million additional discretionary payment (ADP) toward the 2016 unfunded amortization base paid off in October 2019 and the total of approximately $5.8 million in ADPs toward unfunded 2013 and 2015 amortization bases that were paid off in FY 2020/21. Employer contribution rate projections also include small percentage increases reflecting the anticipation of CalPERS gradually lowering its discount rate over the Five-Year Forecast period in accordance with the CalPERS adopted risk mitigation strategy, and the lowering of the discount rate to the present rate of 6.8% as of 6/30/2022. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY 2022/23 Budget	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast	FY 2027/28 Forecast
Safety POA	69.44%	72.01%	74.61%	75.68%	76.69%	76.66%
Safety Management POA	72.44%	75.01%	77.61%	78.68%	79.69%	79.66%
Safety POA - PEPRA	14.62%	14.65%	13.78%	13.75%	13.76%	13.76%
Miscellaneous TEA/Confidential/ Management	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%
Miscellaneous TEA/Confidential/ Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	29.92%	30.04%	30.64%	28.45%	28.73%	28.42%

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*

Town of Los Gatos General Fund 5-Year Forecast
(in $ million)

Account	Revenue Category	2020/21 Actuals	2021/22 Adjusted Budget	2021/22 Estimates	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
4100	Property Tax	$ 15.8	$ 15.9	$ 15.4	$ 15.5	$ 15.7	$ 16.1	$ 16.6	$ 17.1
4110	VLF Backfill Property Tax	4.1	4.2	4.2	4.4	4.5	4.6	4.8	4.9
4200	Sales & Use Tax	6.8	7.2	7.0	7.5	7.7	7.9	8.1	8.2
4200	Measure G District Sales Tax	1.1	1.0	1.2	1.2	1.2	1.3	1.3	1.4
4250	Franchise Fees	2.5	2.6	2.5	2.6	2.7	2.7	2.8	2.9
4251	Transient Occupancy Tax	1.0	0.9	1.4	1.4	1.5	1.5	1.6	1.6
4400	Business License Tax	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.1	2.7	3.2	2.8	2.9	3.0	3.0	3.1
4500	Intergovernmental	1.6	4.4	1.6	1.0	1.0	1.0	1.0	1.1
4600	Town Services	4.6	3.6	3.9	3.4	3.5	3.6	3.7	3.7
4700	Fines & Forfeitures	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.1	0.4	0.4	0.2	0.2	0.2	0.2	0.2
4850	Other Sources	3.7	2.3	2.5	2.2	2.2	2.2	2.2	2.3
4900	Fund Transfers In	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		$ 46.6	$ 47.3	$ 45.4	$ 44.2	$ 45.2	$ 46.2	$ 47.4	$ 48.6
	Capital	3.4	0.6	0.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	4.5	-	-	-	-	-	-	-
	Other		-	0.3					
	Use of Property Surplus Reserve	-	1.2	1.2	-	-	-	-	-
	Use of Measure G Reserve	-	0.6	0.6	0.6	0.6	0.6	0.7	0.7
	ARPA Replacement Revenue	-	-	1.4	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 54.5	$ 49.7	$ 49.2	$ 45.6	$ 46.6	$ 47.6	$ 48.9	$ 50.1

Account	Expenditure Category	2020/21 Actuals	2020/21 Budget	2021/22 Estimates	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
5110	Salary	20.2	20.8	20.6	20.6	21.2	21.8	22.3	22.8
5120	CalPERS Benefits	6.4	7.3	6.6	6.9	7.3	7.7	7.6	7.9
5200	All Other Benefits	3.7	4.2	3.8	4.0	4.1	4.2	4.3	4.4
6211	OPEB Pay as You Go	1.3	1.3	1.5	1.5	1.6	1.8	1.9	1.9
6000	Operating Expenditures	5.7	6.2	6.6	6.3	6.3	6.5	6.5	6.8
7200	Grants & Awards	0.3	1.0	1.1	0.2	0.2	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
8060	Internal Service Charges	2.3	2.7	2.6	2.9	3.1	3.2	3.5	3.6
8900	Debt Service	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		$ 42.4	$ 46.1	$ 45.3	$ 45.0	$ 46.5	$ 48.0	$ 48.9	$ 50.3
	GASB 45 Retiree Medical Actuarial	0.6	0.1	0.1	0.4	0.3	0.2	0.2	0.2
	Additional Discretionary Payment - Pension	5.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 48.6	$ 46.6	$ 45.8	$ 45.8	$ 47.2	$ 48.6	$ 49.5	$ 50.9
	Capital Transfers Out to GFAR	3.4	2.8	2.8	1.4	1.4	1.4	1.5	1.5
AMOUNTS AVAILABLE FOR RESERVE ALLOCATIONS									
	Stabilization/Catastrophic	0.1	-	-	-	-	-	-	-
	Allocate to Compensated Absences	0.1	-						
	Allocate to Property Surplus Reserve	1.2	-	-	-	-	-	-	-
	Allocate to CalPERS/Pension	0.3	-						
	Allocate to Measure G - Capital	-	0.5	0.6	-	-	-	-	-
	Allocate to ARPA Reserve	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 53.7	$ 49.9	$ 49.2	$ 47.2	$ 48.6	$ 50.0	$ 51.0	$ 52.4
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ 0.8	$ (0.2)	$ -	$ (1.6)	$ (2.0)	$ (2.4)	$ (2.1)	$ (2.3)

* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes $0.1 million.
General Fund (111) Forecast does not include Pension Trusts activities. ($37,810 in interest proceeds inFY 2020/21)

REVENUE BASELINE AND PROJECTION FACTORS (FY 2021-22 MID-YEAR AND FORECAST - PUBLISHED 2/11/2022)

Type of Revenue	Base Line Estimate	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office 2/4 2022 report	3%	3%	3%	3%	3%
North 40 Property Sales	Starting in 2021/22	North 40 Phase 1 Sales	3%	3%	3%	3%
ERAF	Current baseline set 70% of SCC Assessor Office 2/4 2022 report	$400K	$400K	$400K	$400K	$400K
Sales Tax	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates
Sales Tax - Measure G	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates	MuniServices 1/11/2022 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2021/22 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2021/22 actual estimated proceeds	3%	3%	3%	3%	3%
Business License Tax	Current baseline set by FY 2021/22 Estimates	5%	5%	0%	0%	0%
License & Permits	Current baseline set by FY 2021/22 Estimates	3%	3%	3%	3%	3%

Town Services	Current baseline set by FY 2021/22 Estimates	3%	3%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2021/22 Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Based on Portfolio Analysis and Current and Expected Yields during the forecast period	$217K	$222K	$227K	$232K	$237K
Other Sources	Current baseline set by FY 2021/22 Estimates	Varies	Varies	Varies	Varies	Varies

EXPENDITURE BASELINE AND PROJECTION FACTORS (FY 2021-22 MID YEAR AND FORECAST - PUBLIS 2/11/2022)

Beginning in FY 2020/21, the Town started budgeting salaries at the actual salary plus a one-step increase. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of February 1, 2022, and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Salaries*	2%	2%	2%	2%	2%
Benefit - Medical**	3%	3%	3%	3%	3%
Operating Expenditures***	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%
Utilities***	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules				

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units plus the Council's assumption of 2% per year cost of living adjustment.*
*** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)*
**** Based on historical trends.*

The Town's required employer contribution rate estimates were developed using estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate $5.6M 2015 unfunded amortization base were paid off in early FY 2020/21.

Type of Expenditure	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Safety POA	69.44%	72.01%	74.61%	75.68%	76.66%
Safety Management POA	72.44%	75.01%	77.61%	78.68%	79.66%
Safety POA - PEPRA	14.62%	14.65%	13.78%	13.75%	13.76%
Miscellaneous TEA/Confidential/ Management	29.43%	30.04%	30.64%	28.45%	28.73%
Miscellaneous TEA/Confidential/ Management PEPRA	*29.43%*	*30.04%*	*30.64%*	*28.45%*	*28.73%*

**Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.*

Account	Revenue Category	2020/21 Adjusted Budget	2020/21 Estimates	2021/22 Proposed Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
4100	Property Tax	$ 13.9	$ 14.7	$ 15.7	$ 15.8	$ 16.3	$ 16.8	$ 17.3	$ 17.8
4110	VLF Backfill Property Tax	4.1	4.1	4.2	4.3	4.4	4.5	4.7	4.8
4200	Sales & Use Tax	6.7	6.2	7.2	7.4	7.7	7.8	8.0	8.2
4200	Measure G District Sales Tax	1.0	0.9	1.0	1.0	1.0	1.1	1.1	1.1
4250	Franchise Fees	2.5	2.5	2.6	2.7	2.8	2.8	2.9	3.0
4251	Transient Occupancy Tax	0.7	0.7	0.9	1.1	1.2	1.3	1.4	1.5
4400	Business License Tax	1.1	1.3	1.3	1.3	1.4	1.4	1.4	1.4
4400	Licenses & Permits	3.0	3.0	2.7	2.8	2.9	3.0	3.0	3.1
4500	Intergovernmental	1.5	4.3	3.9	0.9	0.9	0.9	0.9	0.9
4600	Town Services	3.9	3.7	3.6	3.4	3.5	3.6	3.7	3.8
4700	Fines & Forfeitures	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
4800	Interest	0.6	0.6	0.4	0.3	0.2	0.2	0.2	0.2
4850	Other Sources	3.4	3.5	2.4	2.3	2.3	2.2	2.2	2.2
4900	Fund Transfers In	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
TOTAL OPERATING REVENUES & TRANSFERS*		$ 43.1	$ 46.2	$ 46.7	$ 44.1	$ 45.4	$ 46.4	$ 47.6	$ 48.8
	Capital	3.4	3.4	0.6	0.8	0.8	0.8	0.8	0.8
	Use of Pension/OPEB Reserve	4.5	4.5	-	-	-	-	-	-
	Other	0.9	0.9	-	-	-	-	-	-
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 51.9	$ 55.0	$ 47.3	$ 44.9	$ 46.2	$ 47.2	$ 48.4	$ 49.6
								0	-

Account	Expenditure Category	2020/21 Adjusted Budget	2020/21 Estimates	2021/22 Proposed Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
5110	Salary	20.3	20.6	20.2	20.0	20.1	20.2	20.4	20.4
5120	CalPERS Benefits	7.3	6.4	7.3	7.5	7.9	8.2	8.0	8.2
5200	All Other Benefits	4.1	3.8	4.2	3.9	4.0	4.1	4.2	4.2
6211	OPEB Pay as You Go	1.3	1.3	1.3	1.4	1.5	1.7	1.8	1.9
6000	Operating Expenditures	6.6	6.1	6.1	6.1	6.1	6.4	6.4	6.7
7200	Grants & Awards	0.2	0.6	0.5	0.2	0.3	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7
8060	Internal Service Charges	2.4	2.4	2.7	2.9	3.1	3.3	3.4	3.4
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		$ 44.6	$ 43.7	$ 44.9	$ 44.6	$ 45.5	$ 46.6	$ 46.9	$ 47.7
	GASB 45 Retiree Medical Actuarial	0.6	0.6	0.5	0.4	0.3	0.2	0.2	0.2
	Additional Discretionary Payment - Pension	4.9	4.9	0.4	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 50.1	$ 49.2	$ 45.8	$ 45.4	$ 46.2	$ 47.2	$ 47.5	$ 48.3
	Capital Transfers Out to GFAR	3.4	3.4	0.6	0.8	0.8	0.8	0.8	0.8
	Allocate to Property Surplus Reserve	1.2	1.2	-	-	-	-	-	-
	Allocate to ARPA Reserve	-	1.2	0.9	-	-	-	-	-
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 54.7	$ 55.0	$ 47.3	$ 46.2	$ 47.0	$ 48.0	$ 48.3	$ 49.1
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS FOR FINAL ALLOCATION AFTER YEAR END CLOSE		$ (2.8)	$ -	$ -	$ (1.3)	$ (0.8)	$ (0.8)	$ 0.1	$ 0.5

* Due to rounding of individual categories FY 2021/22 Total Expenditures and Reserve Allocations includes $0.1 million.
General Fund (111) Forecast does not include Pension Trusts activities.

Type of Revenue	Base Line Estimate	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office January 2020 report.	3%	3%	3%	3%	3%
North 40 Property Sales	Starting in FY 2021/22	North 40 Phase 1 Sales	3%	3%	3%	3%
ERAF	Current baseline set by SCC Assessor Office March 2021 report	SCCA recommend 50% of FY 2020/21 anticipated proceeds	$400K	$400K	$400K	$400K
Sales Tax	MuniServices 3/19/2021	MuniServices 3/19/2021 Optimistic Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates
Sales Tax - Measure G	MuniServices 3/19/2021	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates	MuniServices 3/19/2021 Most Likely Estimates
Franchise Fee	Current baseline set by FY 2020/21 Year End Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2020/21 Year End Estimates	20%	10%	10%	5%	5%

Type of Revenue	Base Line Estimate	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Business License Tax	Current baseline set by FY 2020/21 Year End Estimates	5%	5%	0%	0%	0%
License & Permits	Current baseline set by FY 2020/21 Year End Estimates	3%	3%	3%	3%	3%
Town Services	Current baseline set by FY 2020/21 Year End Estimates	3%	0%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2020/21 Year End Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Current baseline set by FY 2020/21 Year End Estimates	0%	0%	0.%	0%	0%
Other Sources	Current baseline set by FY 2020/21 Year End Estimates	Varies	Varies	Varies	Varies	Varies

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already top step or one step below top step. As of mid-April 2021, the Town has nine vacant positions and is actively recruiting eight of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2021 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Salaries*	0%	0%	0%	0%	0%	0%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.*

*** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)*

**** Based on historical trends.*

The Town's required employer contribution rate estimates were developed using estimates provided by each pension plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. Rates shown for FY 2021/22 are actual rates as prescribed by CalPERS. Forecasted rates for FY 2022/23 and subsequent years are based on the most recent CalPERS actuarial valuation reports and staff assumptions regarding staff's current estimate of returns for FY 2020/21 which are presently expected to exceed the 7% discount rate.

Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reductions associated with the approximate $4.8M 2016 unfunded amortization base paid off in October 2019 and the total of approximately $5.8 million (2013 partial and 2015) unfunded amortization bases that were paid off in FY 2020/21. Employer contribution rate projections also include small percentage increases reflecting the anticipation of CalPERS gradually lowering its discount rate over the five-year forecast period in accordance with the CalPERS adopted risk mitigation strategy, lowering its discount rate from the present rate of 7.0% to 6.6% as of the 6/30/27 actuarial valuation. Estimates were also informed by recent rate estimates developed by the Town's actuary using the most recent actuarial valuation updated with current year projections of covered payrolls by plan type.

Type of Expenditure	FY 2021/22 Budget	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast	FY 2026/27 Forecast
Safety POA	62.94%	74.89%	78.61%	82.33%	84.63%	86.78%
Safety Management POA	65.94%	77.89%	81.61%	85.33%	87.63%	89.78%
Safety POA - PEPRA	15.74%	15.07%	15.07%	14.03%	14.05%	14.06%
Miscellaneous TEA/Confidential/ Management	33.54%	31.37%	32.29%	33.31%	31.25%	31.94%
Miscellaneous TEA/Confidential/ Management PEPRA Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	33.54%	31.37%	32.29%	33.31%	31.25%	31.94%

*Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.

Town of Los Gatos General Fund 5-Year Forecast
(in $ million)

Account	Revenue Category	2020/21 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
4100	Property Tax	$ 14.7	$ 13.9	$ 14.1	$ 15.2	$ 15.6	$ 16.2	$ 16.6
4110	VLF Backfill Property Tax	4.0	4.1	4.2	4.3	4.4	4.5	4.7
4200	Sales & Use Tax	7.0	6.7	7.3	7.5	7.7	7.8	7.9
4200	Measure G District Sales Tax	1.0	1.0	1.0	1.0	1.1	1.1	1.1
4250	Franchise Fees	2.5	2.5	2.6	2.7	2.8	2.8	2.8
4251	Transient Occupancy Tax	2.3	0.7	1.0	1.1	1.2	1.2	1.3
4400	Business License Tax	1.3	1.1	1.2	1.2	1.2	1.2	1.2
4400	Licenses & Permits	3.1	3.0	2.9	2.9	3.0	3.1	3.1
4500	Intergovernmental	1.0	1.3	0.7	0.8	0.8	0.8	0.9
4600	Town Services	4.0	3.8	3.5	3.5	3.5	3.5	3.6
4700	Fines & Forfeitures	0.4	0.1	0.3	0.3	0.3	0.3	0.3
4800	Interest	0.6	0.6	0.5	0.3	0.2	0.2	0.3
4850	Other Sources	2.3	3.5	2.3	2.3	2.3	2.3	2.3
4900	Fund Transfers In	0.6	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		$ 44.8	$ 42.9	$ 42.1	$ 43.6	$ 44.5	$ 45.5	$ 46.6
	Use of Capital/Special Project Reserve - Capital	3.4	3.4	0.6	0.6	0.6	0.6	0.6
	Use of Pension/OPEB Reserve	4.2	4.5	0	0	0	0	0
	Use of Capital/Special Project Reserve - Other	0.9	0.9	0	0	0	0	0
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 53.3	$ 51.7	$ 42.7	$ 44.2	$ 45.1	$ 46.1	$ 47.2

Account	Expenditure Category	2020/21 Budget	2020/21 Estimates	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
5110	Salary	20.2	20.3	19.7	19.7	19.9	20.1	20.2
5120	CalPERS Benefits	7.3	6.4	7.5	7.5	7.2	7.5	7.6
5200	All Other Benefits	4.1	3.7	3.9	3.9	4.0	4.1	4.2
6211	OPEB Pay as You Go	1.3	1.3	1.4	1.4	1.4	1.5	1.8
6000	Operating Expenditures	6.7	6.1	5.4	5.4	5.6	5.7	5.8
7200	Grants & Awards	0.2	0.2	0.2	0.2	0.2	0.2	0.3
7400	Utilities	0.6	0.6	0.6	0.6	0.6	0.6	0.6
8060	Internal Service Charges	2.4	2.4	2.6	2.6	2.8	3.0	3.2
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		$ 44.7	$ 42.8	$ 43.1	$ 43.1	$ 43.7	$ 44.6	$ 45.7
	GASB 45 Retiree Medical Actuarial	0.6	0.6	0.6	0.5	0.4	0.3	0.2
	Additional Discretionary Payment - Pension	4.6	4.9	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 49.9	$ 48.3	$ 44.1	$ 44.0	$ 44.5	$ 45.3	$ 46.3
	Capital Transfers Out to GFAR	3.4	3.4	0.6	0.6	0.6	0.6	0.6
	Transfer to Internal Service Funds	0	0	0	0	0	0	0
	Pension/OPEB Transfer to Pension Trust Fund	0	0	0	0	0	0	0
	Allocate to Compensated Absences	0	0	0	0	0	0	0
	Allocate to Vehicle Maintenance and Stores Surplus	0	0	0	0	0	0	0
	Allocate to Property Surplus Reserve	0	1.2	0	0	0	0	0
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 53.3	$ 52.9	$ 44.7	$ 44.6	$ 45.1	$ 45.9	$ 46.9
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS		$ -	$ (1.2)	$ (2.0)	$ (0.4)	$ -	$ 0.2	$ 0.3

* Due to rounding of individual categories FY 2020/21 Total Expenditures and Reserve Allocations omits $0.1 million.

REVENUE BASELINE AND PROJECTION FACTORS (FY 2020-21 MID-YEAR AND FORECAST - PUBLISHED 2/12/2021)

Type of Revenue	Base Line Estimate	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office 2/14 2020 report	2.5%	2.5%	3%	3%	3%
North 40 Property Sales	Starting in 2021/22	North 40 Phase 1 Sales	North 40 Phase 1 Sales	3%	3%	3%
ERAF	Current baseline set 50% of SCC Assessor Office February 6 2021 report	$400K	$400K	$400K	$400K	$400K
Sales Tax	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates
Sales Tax -- Measure G	MuniServices Date Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates	MuniServices 1/29/2021 Conservative Estimates
Franchise Fee	Current baseline set by FY 2020/21 Estimates	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2020/21 actual estimated proceeds 69% decrease from adopted budget	30%	20%	5%	5%	5%
Business License Tax	Current baseline set by FY 2020/21 Activities	5%	5%	0%	0%	0%

Type of Revenue	Base Line Estimate	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
License & Permits	Current baseline set by FY 2020/21 Estimates	0%	3%	3%	3%	3%
Town Services	Current baseline set by FY 2020/21 Estimates	0%	3%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2020/21 Estimates	Varies	Varies	Varies	Varies	Varies
Interest	Based on Portfolio Analysis and Current and Expected Yields during the forecast period	$400K	$300K	$250K	$250K	$250K
Other Sources	Current baseline set by FY 2020/21 Estimates	Varies	Varies	Varies	Varies	Varies

¶

¶

Beginning·in·FY·2020/21,·the·Town·is·budgeting·salaries·at·the·actual·salary·plus·a·one-step·increase.·68%·of·the·workforce·is·already·top·step·or·one·step·below·to·step.··Currently·the·Town·has·five·vacant·positions·and·is·actively·recruiting·of·these·positions.··In·the·Five-Year·Forecast,·positions·are·forecasted·at·the·actual·rate·of·pay·including·salaries·and·benefits·as·of·December·31,·2020·and·rate·is·increasing·in·the·actual·anniversary·date.·¶

¶

Type·of·Expenditure¤	FY·2021/22↵ Forecast¤	FY·2022/23↵ Forecast¤	FY·2023/24↵ Forecast¤	FY·2024/25↵ Forecast¤	FY·2025/26↵ Forecast¤
Salaries*¤	0%¤	0%¤	0%¤	0%¤	0%¤
Benefit·-·Medical¤**	7%¤	7%¤	7%¤	7%¤	7%¤
Operating·Expenditures*¤**	3%¤	3%¤	3%¤	3%¤	3%¤
Grants·&·Awards¤	0%¤	0%¤	0%¤	0%¤	0%¤
Utilities*¤**	3%¤	3%¤	3%¤	3%¤	3%¤
Internal·Service·Charges*¤**	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤	Based·on·operating·cost·and·scheduled·replacement¤
Debt·Service¤	Debt·Service·Schedules¤				

**Salary·increases·are·based·on·actual·step·increases·and·approved·Memoranda·of·Understanding·with·the·bargaining·units.¶*

***·Benefit·increase·estimates·are·provided·by·CalPERS/Public·Employees'·Medical·and¶*
Hospital·Care·Act·(PEMHCA)¶

****·Based·on·historical·trends.¶*

¶

The·Town's·required·employer·contribution·rate·estimates·were·developed·using·estimates·provided·by·each·plan's·most·recent·actuarial·valuation·received·from·CalPERS.··The·employer·contribution·rates·illustrated·below·reflect·percentages·of·covered·payroll.····Beginning·in·FY·2021/22,·the·estimates·of·employer·contributions·were·credited·with·an·anticipated·reduction·associated·with·the·approximate·$4.8M·2016·unfunded·amortization·base·paid·off·in·October·2019·and·the·approximate·$3.7M·2015·unfunded·amortization·base·expected·to·be·paid·off·in·early·FY·2020/21.··¶

¶

¶

Type·of·Expenditure¤	FY·2021/22 Forecast¤	FY·2022/23 Forecast¤	FY·2023/24 Forecast¤	FY·2024/25 Forecast¤	FY·2025/26 Forecast¤
Safety·POA¤	69.36%¤	69.41%¤	71.79%¤	75.01%¤	76.79%¤
Safety·Management¶ POA¤	72.36%¤	72.41%¤	74.79%¤	78.01%¤	79.79%¤
Safety·POA·-·PEPRA¤	15.04%¤	15.06%¤	15.05%¤	14.01%¤	14.01%¤
Miscellaneous TEA/Confidential/·Management¤	33.54%¤	30.87%¤	31.67%¤	32.69%¤	30.69%¤
Miscellaneous TEA/Confidential/·Management PEPRA¤	33.54%¤	30.87%¤	31.67%¤	32.69%¤	30.69%¤

¶

*Safety·Classic·Rate·reflects·3%·decrease·in·employer's·contribution·rate·to·reflect·3%·contribution·as·negotiated·with·the·Town's·POA·during·the·collective·bargaining·process·effective·FY·2019/20.¶

¶

Town of Los Gatos General Fund 5-Year Forecast
(in $ million)

Account	Revenue Category	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
4100	Property Tax	$ 14.7	$ 15.1	$ 15.8	$ 16.2	$ 16.7	$ 16.5
4110	VLF Backfill Property Tax	4.0	4.0	4.1	4.2	4.3	4.3
4200	Sales & Use Tax	8.0	8.1	8.2	8.4	8.5	8.6
4250	Franchise Fees	2.5	2.6	2.7	2.8	2.9	2.9
4251	Transient Occupancy Tax	2.3	2.2	2.2	2.2	2.2	2.2
4400	Business License Tax	1.3	1.3	1.3	1.4	1.4	1.4
4400	Licenses & Permits	3.1	2.9	3.0	3.0	3.1	3.1
4500	Intergovernmental	1.0	0.7	0.8	0.8	0.9	0.9
4600	Business License Tax	4.0	4.1	4.2	4.2	4.2	4.3
4700	Fines & Forfeitures	0.4	0.4	0.4	0.5	0.5	0.5
4800	Interest	0.6	0.8	0.2	0.7	0.2	0.2
4850	Other Sources	2.3	2.2	2.2	2.2	2.2	2.2
4900	Fund Transfers In	0.6	0.5	0.5	0.5	0.5	0.5
TOTAL OPERATING REVENUES & TRANSFERS*		$ 44.8	$ 44.9	$ 45.6	$ 47.1	$ 47.6	$ 47.6
	Use of Capital/Special Project Reserve - Capital	3.4	0.6	0.6	0.6	0.6	0.6
	Use of Pension/OPEB Reserve	4.2	0	0	0	0	0
	Use of Capital/Special Project Reserve - Other	0.8	0	0	0	0	0
TOTAL REVENUES, TRANSFERS, AND USE OF RESERVES		$ 53.2	$ 45.5	$ 46.2	$ 47.7	$ 48.2	$ 48.2

Account	Expenditure Category	2020/21 Budget	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
5110	Salary	20.2	19.9	19.9	20.0	20.1	20.1
5120	CalPERS Benefits	7.3	7.3	8.2	8.7	9.0	9.0
5200	All Other Benefits	4.1	4.1	4.2	4.3	4.4	4.5
6211	OPEB Pay as You Go	1.3	1.4	1.4	1.5	1.7	1.8
6000	Operating Expenditures	6.6	5.8	6.1	6.2	6.5	6.5
7200	Grants & Awards	0.2	0.2	0.3	0.3	0.3	0.3
7400	Utilities	0.6	0.6	0.6	0.7	0.7	0.7
8060	Internal Service Charges	2.4	2.7	2.8	3.0	3.2	3.4
8900	Debt Service	1.9	1.9	1.9	1.9	1.9	1.9
TOTAL OPERATING EXPENDITURES		$ 44.6	$ 44.0	$ 45.4	$ 46.5	$ 47.7	$ 48.1
	GASB 45 Retiree Medical Actuarial	0.6	0.5	0.4	0.3	0.2	0.2
	Additional Discretionary Payment - Pension	4.6	0.4	0.4	0.4	0.4	0.4
TOTAL OPERATING & DISCRETIONARY EXPENDITURES		$ 49.8	$ 44.9	$ 46.2	$ 47.2	$ 48.3	$ 48.7
	Capital Transfers Out to GFAR	3.4	0.6	0.6	0.6	0.6	0.6
	Transfer to Internal Service Funds	0	0	0	0	0	0
	Pension/OPEB Transfer to Pension Trust Fund	0	0	0	0	0	0
	Allocate to Compensated Absences	0	0	0	0	0	0
	Surplus	0	0	0	0	0	0
	Allocate to Property Surplus Reserve	0	0	0	0	0	0
TOTAL EXPENDITURES & RESERVE ALLOCATIONS		$ 53.2	$ 45.5	$ 46.8	$ 47.8	$ 48.9	$ 49.3
NET REVENUES RESERVE TRANSFERS LESS EXPENDITURES & RESERVE ALLOCATIONS		$ -	$ -	$ (0.6)	$ (0.1)	$ (0.7)	$ (1.1)

* Due to rounding of individual categories FY 2020/21 Total Expenditures and Reserve Allocations omits $0.1 million.

Type of Revenue	Base Line Estimate	FY 2020/21 Forecast	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast
Property Tax/VLF Backfill	Current baseline set by SCC Assessor Office May 2020 report.	2%	0%	3%	3%	3%
Annexation Additional	$1,000,000 starting FY 2020/21	0%	0%	3%	3%	3%
North 40 Property Sales	Starting in 2021/22	N/A	North 40 Phase 1 Sales	North 40 Phase 1 Sales	3%	3%
ERAF	Current baseline set by SCC Assessor Office May 2020 report 40% decline	SCCA recommend 50% of FY 2019/20 anticipated proceeds	$400K	$400K	$400K	$400K
Sales Tax	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates
Sales Tax - Measure G	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates	MuniServices 5/1/2020 COVID-19 Estimates
Franchise Fee	Current baseline set by FY 2019/20 Adopted Budget.	3%	3%	3%	3%	3%
Transient Occupancy Tax	Current baseline set by FY 2018/19 actual proceeds	-15%	-5%	0%	0%	0%

Type of Revenue	Base Line Estimate	FY 2020/21 Forecast	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast
Business License Tax	Current baseline set by FY 2019/20 Activity	0%	0%	3%	3%	3%
License & Permits	Current baseline set by FY 2019/20 Adopted Budget.	-8.7%	0%	3%	3%	3%
Town Services	Current baseline set by FY 2019/20 Adopted Budget.	-7.3%	0%	3%	3%	3%
Fine & Forfeitures	Current baseline set by FY 2019/20 Adopted Budget.	Varies	Varies	Varies	Varies	Varies
Interest	Current baseline set by FY 2019/20 Adopted Budget.	1%	1%	2%	2%	2%
Other Sources	Current baseline set by FY 2019/20 Adopted Budget.	Varies	Varies	Varies	Varies	Varies

Beginning in FY 2020/21, the Town is budgeting salaries at the actual salary plus a one-step increase. 68% of the workforce is already top step or one step below to step. Currently the Town has nine vacant positions and is actively recruiting eight of these positions. In the Five-Year Forecast, positions are forecasted at the actual rate of pay including salaries and benefits as of April 1, 2020 and rate is increasing in the actual anniversary date.

Type of Expenditure	FY 2020/21 Forecast	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Salaries*	1% increase & 2% Non-PERSable Cash Bonus	0%	0%	0%	0%	0%
Benefit - Medical**	7%	7%	7%	7%	7%	7%
Operating Expenditures***	Varies	3%	3%	3%	3%	3%
Grants & Awards	0%	0%	0%	0%	0%	0%
Utilities***	Varies	3%	3%	3%	3%	3%
Internal Service Charges***	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement	Based on operating cost and scheduled replacement
Debt Service	Debt Service Schedules					

**Salary increases are based on actual step increases and approved Memoranda of Understanding with the bargaining units.*

*** Benefit increase estimates are provided by CalPERS/Public Employees' Medical and Hospital Care Act (PEMHCA)*

**** Based on historical trends.*

The Town's required employer contribution rate estimates were developed using estimates provided by each plan's most recent actuarial valuation received from CalPERS. The employer contribution rates illustrated below reflect percentages of covered payroll. All plans reflect estimates of increased contributions beginning in FY 2022/23 related to the current estimate of zero return on investments for FY 2019/20. Beginning in FY 2021/22, the estimates of employer contributions were credited with an anticipated reduction associated with the approximate $4.8M 2016 unfunded amortization base paid off in October 2019 and the approximate $3.7M 2015 unfunded amortization base expected to be paid off in early FY 2020/21.

Type of Expenditure	FY 2020/21 Budget	FY 2021/22 Forecast	FY 2022/23 Forecast	FY 2023/24 Forecast	FY 2024/25 Forecast	FY 2025/26 Forecast
Safety POA	58.98%	67.67%	72.14%	75.91%	79.46%	81.56%
Safety Management POA	61.98%	66.67%	75.14%	78.91%	82.46%	84.56%
Safety POA - PEPRA	15.95%	15.99%	16.58%	17.14%	15.29%	15.71%
Miscellaneous TEA/Confidential/ Management	34.23%	31.59%	33.66%	35.46%	37.12%	35.50%
Miscellaneous TEA/Confidential/ Management PEPRA	37.43% Separate PEPRA rate for Miscellaneous has not been established yet by CalPERS.	36.30%	36.30%	36.30%	42.43%	40.82%

*Safety Classic Rate reflects 3% decrease in employer's contribution rate to reflect 3% contribution as negotiated with the Town's POA during the collective bargaining process effective FY 2019/20.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 11/19/2024
ITEM NO: 1

DATE: November 14, 2024

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: Receive an Introductory Report on the Capital Infrastructure Needs of the Town of Los Gatos

RECOMMENDATION:

Receive and provide initial feedback on the preliminary report addressing the capital infrastructure needs of the Town of Los Gatos.

EXECUTIVE SUMMARY:

This report provides an overview of known Los Gatos' current and future capital infrastructure needs, highlighting both funded and unfunded projects critical to maintaining the Town's assets. Key areas of focus include ADA compliance, building assessments, and potential future investments such as police facility consolidation. This session initiates the first of ongoing discussions aimed at developing a long-term strategy to prioritize, fund, and address these needs effectively.

Table 1 is a summary of current projected costs of known capital needs as presented in the report.

The Town has made good strides in assessing Town facilities and identifying part of the scope of the capital needs, capital maintenance, as well as compiling new capital planned or desired. However, there does not appear to exist a coherent, strategic, and robust approach to capital spending. More work is necessary, and staff looking forward to building a coherent and clear strategy for its work. The focus going forward is intended to be thoughtful analysis, refining expectations to match what can actually be done with existing resources, and in a balanced manner, to take care of what we have before what we want.

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

Table 1. Summary of Current Known Capital and Maintenance Needs

Items / Need	Current Opinion of Potential Costs (2024$)
Town Owned Buildings - Maintenance	$ 20,278,913
Town Owned Buildings – Capital Needs	$ 1,490,000
Parks[1]	$ 28,189,000
Storm Drainage	$ 23,126,500
Streets and Roads	$ 166,037,000
IT Needs	$ 310,000

Notes:
1. Cost does not include restoration plans for Ross Creek and Los Gatos Creek as recommended in General Plan 2040.

As noted above information presented here is a first step in the process of building out a capital improvement program. In coming months staff will work to spread these costs over a multi-year horizon and develop a projection of annual capital funding that is needed to maintain and manage the Town's existing infrastructure and complete projects currently in progress (e.g., Highway 17 Overcrossing at Blossom Hill Road). Staff will also continue to develop the annual projections of roadway resurfacing and curb, gutter, sidewalk repair work, which are currently not included in this discussion.

BACKGROUND:

The Town of Los Gatos prepares a Capital Improvement Program (CIP) Budget annually to address critical infrastructure projects deemed a priority by the Town Council. Historically, CIP funding has been constrained, leading to deferred maintenance and postponed projects across critical areas. This report serves as the starting point for a broader assessment to address these long-standing funding limitations and prepare a structured, sustainable funding plan for future needs.

Through this Study Session, staff is providing initial information about the unfunded capital needs of the Town to increase the Town Council and the public's awareness of these items. This session is expected to be the first in a series of discussions designed to develop a holistic, long-term funding strategy to maintain existing infrastructure and explore the potential construction of new capital assets.

In recent years, when considering capital projects, the priority has been to:

1. Continue to fund ongoing projects.
2. Increase funding for existing one-time projects when necessary to complete the project.
3. Consider new projects that are critical to operations.
4. Assess potential new projects if funding allows.

However, because available funding for capital projects is limited, many projects are deferred each year and not funded, which adds to the cumulative backlog of infrastructure needs. The impact of limited staffing resources to support project delivery has also hindered the Town's ability to complete necessary projects within anticipated timelines, further contributing to deferred maintenance and postponed capital improvements.

Attachment 1 provides a 10-year summary of capital funding history, reflecting trends in ongoing and one-time types of funding levels. This overview is intended to inform ongoing discussions by highlighting the limitations in prior funding and their long-term implications on Town infrastructure.

As noted in this attachment, the source of ongoing funding comes from restricted Gas Tax funding, which is limited in use to transportation uses, such as public streets, roadways, bike, and pedestrian facilities. Additionally, the Town has a maintenance of effort to match this funding source resulting in additional investment from the General Fund for these transportation uses. The Town has been investing General Fund and other resources to the GFAR for use on capital projects, but such sources cannot sustain the ongoing transportation and facilities needs.

Current Projects and Their Statuses
Attachment 2 includes an updated list of the currently funded Capital Improvement Projects (CIP), detailing each project's budget history, project lead, and current funding status. This list was initially presented to the Town Council in May 2024 and has been updated to reflect Fiscal Year 2023/2024 financial closeout and spending as of September 30, 2024.

Overall, current-year project spending has been lower than anticipated due to some projects scheduled for construction in Spring 2025, meaning spending will occur later in the fiscal year. Additionally, the pace of capital project delivery is impacted by limited staffing resources available to support these efforts. The Parks and Public Works (PPW) team responsible for project execution includes the PPW Director, the Superintendent, the Facilities Operations Manager, the Town Engineer, one Senior Engineer, one Assistant Engineer, and a Construction Project Manager.

The report highlights that these staffing constraints contribute to delays in project timelines, resulting in deferred maintenance and extended project durations. Despite these challenges, the team remains committed to advancing each project efficiently and effectively within available resources.

This section provides a snapshot of active projects and is intended to keep the Town Council and the public informed of progress and potential delays in improving the Town's infrastructure.

While this is an initial conversation, there is much more to be done to develop a comprehensive approach to capital needs that includes assessing the Town's present and future capacity to support both the capital and operational requirements of such capital. Additionally, a robust capital program should include the challenging process of prioritizing needs related to existing capital, future required capital, and other capital desires to match the funding available.

DISCUSSION:

Currently, the Parks and Public Works Department (PPW) maintains a comprehensive list of the Town's ongoing and unfunded capital project needs. These needs are categorized into three main areas: Facilities, Non-Facility Related Needs, and Potential Future Major Needs. Each category is described in detail below.

Facilities Related Needs
In Fiscal Year 2021/22, staff completed a thorough condition assessment of all Town-owned buildings. This assessment documented the current physical state of each property and identified necessary repairs and replacements anticipated over a 15-year period. The results of each assessment were compiled into individual reports for each building and consolidated into a summary table projecting expenses for all Town-owned properties.

Alongside these condition assessments, staff engaged Disability Access Consultants to evaluate all Town-owned buildings and assets (including parks, sidewalks, and other public spaces) for compliance with the Americans with Disabilities Act (ADA). ADA improvements commonly needed include adjustments to door pressures, automatic push bars, door widths, and walkway slopes. The resulting comprehensive database allows staff to systematically address ADA deficiencies as part of broader projects when feasible, and the database is regularly updated as improvements are completed. Because the database is comprehensive and includes a large volume of data, staff has calculated the total cost of improvements needed in each building and distributed them evenly across future fiscal years.

Attachment 3 provides a summary of projected maintenance and repair needs for each Town-owned building, based on recent condition assessments and ADA compliance evaluations. This table consolidates anticipated expenses over a 11-year period, taking into account work already completed since the assessments. Current projections estimate that the Town will require approximately $20.28 million (in 2024 dollars) over the next 11 years to address these needs comprehensively. This summary is intended to assist the Town Council in understanding the scope of required infrastructure investments and prioritize funding allocations accordingly.

Streets, Parks, and Other Non-Building Needs
The Town also tracks long-term capital needs for non-building assets, which include streets, parks, sidewalks, and other community infrastructure. **Attachment 4** lists future projects identified in these areas, including ADA compliance upgrades for parks, streets, and sidewalks. ADA work on streets and sidewalks is undertaken annually as part of the street resurfacing program, but a more comprehensive, long-term plan is needed to address other infrastructure.

Additionally, several projects outlined in the 2040 General Plan and the Bicycle and Pedestrian Master Plan remain unfunded and unprioritized. In the coming months, staff will work to develop a prioritization framework and long-term funding plan for these projects, similar to the approach taken for Town-owned buildings. This effort aims to ensure systematic progress in addressing critical infrastructure needs.

At this time, the projects on Attachment 4 have not been prioritized. In the coming months, staff will be working to develop a long-term plan for these projects similar to the one for buildings as seen in attachment 3.

Potential Future Major Needs
Several larger projects or "wish list items" have been identified for potential future consideration, though no formal direction has been received from the Town Council to proceed at this time. These potential projects are outlined below to provide preliminary information and cost estimates:

- **Police Operations Consolidation:** The Los Gatos Monte Sereno Police Department (LGMSPD) operates out of two buildings located 1.5 miles apart: the Civic Center and the Police Operations Building (POB). Operational inefficiencies have resulted from this separation, and the POB may not meet current law enforcement facility and security standards. Additionally, the POB houses the Town's Emergency Operations Center (EOC) but has limited parking capacity, which could hinder EOC activation during emergencies. In the Fiscal Year 2023/24 CIP Budget, Project 821-2404 was created to conduct a space study evaluating the POB's functionality and recommending optimization solutions. The estimated cost for a new or upgraded facility ranges from $1,800 to $2,200 per square foot in 2025 dollars, assuming construction occurs on Town-owned property.

- **Civic Center Upgrades:** Built in 1964, the Civic Center requires modernization to meet the current and future needs of the Town. Staff recommends conducting a study to evaluate the building's use and determine necessary improvements. The study is estimated to cost $100,000 to $125,000. Subsequent improvement costs would be determined based on study findings.

- **Projects Identified in the 2040 General Plan:** The 2040 General Plan outlines two potential feasibility studies for community cultural infrastructure: one for a performing

arts center (General Plan Item 6.14QQ) and another for an art and history museum (General Plan Item 6.14RR). These projects are currently unfunded and are not on the active work plan but are included here to prompt early-stage consideration.

CONCLUSION:

This report provides an overview of the currently known unfunded capital and maintenance needs of town-owned facilities. The information provided is intended to start a conversation about the future of current projects, potential future projects, and potential ways to prioritize meeting the Town's needs.

COORDINATION:

This report has been coordinated with the Town Manager's Office, the Finance Department, the Los Gatos Monte Sereno Police Department, the Library Director, and the Chief Technology Officer.

FISCAL IMPACT:

There is no fiscal impact in receiving this report. Due to historical funding constraints and limited staffing resources, numerous infrastructure projects remain unfunded or deferred. This report initiates a series of discussions aimed at developing a strategic funding approach to meet both immediate and long-term infrastructure needs.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. History of Capital Funding
2. Current Projects
3. Facilities Needs
4. Roads, Parks and Other Projects

10 Year Summary

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals
Gas Tax										
Beginning Fund Balance	$ 297,303	$ 1,075,828	$ 1,651,113	$ 693,508	$ 703,150	$ 853,821	$ 290,370	$ 1,425,096	$ 1,836,068	$ 1,671,245
Source of Funds	884,525	682,594	611,472	865,606	1,217,552	1,261,933	1,283,966	1,385,187	1,617,538	1,827,522
Use of Funds	106,000	107,309	1,569,077	855,965	1,066,881	1,825,384	149,241	974,215	1,782,361	1,570,600
Ending Fund Balance	**$ 1,075,828**	**$ 1,651,113**	**$ 693,508**	**$ 703,150**	**$ 853,821**	**$ 290,370**	**$ 1,425,096**	**$ 1,836,068**	**$ 1,671,245**	**$ 1,928,167**
Utility Underground Funds										
Beginning Fund Balance	$ 2,687,790	$ 2,814,352	$ 2,881,501	$ 2,929,116	$ 2,997,984	$ 3,079,685	$ 3,118,173	$ 3,201,311	$ 3,302,514	$ 3,438,996
Source of Funds	126,561	67,150	47,615	68,868	81,701	87,489	107,763	101,630	136,482	145,255
Use of Funds	-	-	-	-	-	49,000	24,626	427	-	-
Ending Fund Balance	**$ 2,814,352**	**$ 2,881,501**	**$ 2,929,116**	**$ 2,997,984**	**$ 3,079,685**	**$ 3,118,173**	**$ 3,201,311**	**$ 3,302,514**	**$ 3,438,996**	**$ 3,584,251**
Traffic Mitigation Funds										
Beginning Fund Balance	$ 178,226	$ 184,940	$ 207,207	$ 228,542	$ 260,487	$ 304,648	$ 348,661	$ 381,319	$ 405,570	$ 431,079
Source of Funds	90,612	609,962	163,126	151,452	118,787	136,639	397,094	552,042	725,597	296,721
Use of Funds	83,897	587,695	141,791	119,507	74,626	92,626	364,435	527,791	700,088	218,308
Ending Fund Balance	**$ 184,940**	**$ 207,207**	**$ 228,542**	**$ 260,487**	**$ 304,648**	**$ 348,661**	**$ 381,319**	**$ 405,570**	**$ 431,079**	**$ 509,491**
Grant Funds										
Beginning Fund Balance	$ (288,730)	$ (369,988)	$ (379,946)	$ (380,252)	$ (134,111)	$ (255,637)	$ (343,705)	$ (699,244)	$ (948,603)	$ (406,890)
Source of Funds	870,911	171,485	3,093	261,534	257,968	396,335	342,973	8,505,080	1,693,216	2,310,178
Use of Funds	952,169	181,443	3,400	15,394	379,494	484,403	698,512	8,754,439	1,151,504	4,466,791
Ending Fund Balance	**$ (369,988)**	**$ (379,946)**	**$ (380,252)**	**$ (134,111)**	**$ (255,637)**	**$ (343,705)**	**$ (699,244)**	**$ (948,603)**	**$ (406,890)**	**$ (2,598,237)**
Storm Drain Funds										
Beginning Fund Balance	$ 1,330,894	$ 1,592,794	$ 1,668,054	$ 1,805,441	$ 2,485,997	$ 2,628,557	$ 2,760,276	$ 2,917,690	$ 3,218,811	$ 3,218,331
Source of Funds	261,900	171,080	150,137	807,249	172,260	172,719	158,025	340,369	217,601	312,917
Use of Funds	-	95,820	12,750	126,692	29,700	41,000	611	39,248	218,081	-
Ending Fund Balance	**$ 1,592,794**	**$ 1,668,054**	**$ 1,805,441**	**$ 2,485,997**	**$ 2,628,557**	**$ 2,760,276**	**$ 2,917,690**	**$ 3,218,811**	**$ 3,218,331**	**$ 3,531,248**
GFAR										
Beginning Fund Balance	$ 8,302,327	$ 15,531,605	$ 14,788,787	$ 18,253,744	$ 12,175,060	$ 8,518,983	$ 13,861,073	$ 15,433,836	$ 14,783,788	$ 21,725,837
Source of Funds										
Dedicated to Streets	962,375	504,658	522,722	604,325	690,831	1,096,738	1,182,448	1,306,705	1,068,991	1,043,816
Council Priorities - Economic Recovery Reserve	-	-	-	-	-	-	121,256	555,083	4,830,572	2,024,281
Developer Contributions	101,865	2,807	118,988	9,128	533,634	65,748	43,566	535,571	14,820	12,880
Insurance Settlement	-	-	-	-	-	-	-	-	1,565,000	-
Measure G Proceeds	-	-	-	-	-	-	-	1,769,057	629,064	620,044

10 Year Summary

	FY 2014/15 Actuals	FY 2015/16 Actuals	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2021/22 Actuals	FY 2022/23 Actuals	FY 2023/24 Actuals
Other Sources	464,932	7,515	488,351	33,803	216,188	331,554	223,475	636,324	333,058	269,001
PG&E Loan	-	-	-	-	-	-	1,560,336	-	-	-
Transfers In - Others	38,213	39,640	-	-	300,000	30,000	-	-	733,000	-
Transfers In - Equipment Replacement	-	-	295,680	-	-	525,000	-	-	-	-
Transfers In - Facilities Maintenance	924,648	12,146	-	-	50,000	788,000	-	-	-	-
Transfers In - General Fund	7,271,491	531,014	7,298,187	2,638,224	2,335,220	6,982,591	3,401,479	1,750,001	3,006,978	1,615,000
VTA Measure B - 2010	183,262	185,049	189,947	192,319	188,475	207,650	-	188,495	190,649	245,285
VTA Measure B - 2016	-	-	-	-	-	1,299,688	201,732	570,497	1,335,576	683,680
Total Source of Funds	9,946,786	1,282,830	8,913,875	3,477,799	4,314,348	11,326,969	6,734,292	7,311,731	13,707,708	6,513,986
Use of Funds										
Project Construction	2,609,078	1,484,857	5,120,335	8,831,236	7,329,108	5,470,903	4,681,525	7,419,225	6,183,263	6,584,205
Staff Salaries and Benefits	-	-	128,775	209,631	223,701	96,360	62,387	124,939	164,780	94,546
Transfers Out	108,429	540,792	199,808	515,616	417,616	417,616	417,616	417,616	417,616	441,491
Total Use of Funds	2,717,507	2,025,649	5,448,918	9,556,483	7,970,425	5,984,879	5,161,529	7,961,779	6,765,659	7,120,242
Ending Fund Balance	**$ 15,531,605**	**$ 14,788,787**	**$ 18,253,744**	**$ 12,175,060**	**$ 8,518,983**	**$ 13,861,073**	**$ 15,433,836**	**$ 14,783,788**	**$ 21,725,837**	**$ 21,148,734**

Capital Expenditures and Project Status

		Financial Summary									New Information on Projected Spending				
Project Number	and Name	Expended Through 2022/23	2023/24 Actuals	Carryforward to 2024/25	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total Budgeted	Projected Available Funding (Total Budgeted - Expended Through 2022/23)	2023/24 Actuals	Projected Spending 24/25	FY 2024/25 YTD Spending through 9/30/24	% Spent Vs Projected
Reconstruction															
811-9901	Street Repair & Resurfacing	24,851,825	3,649,898	3,852,936	3,534,839	3,534,839	3,534,839	3,534,839	3,534,839	50,028,854	25,177,029	3,649,898	3,800,000	5,556	0.15%
811-9903	Pavement Rehab-Crack Seal	1,616,628	180,000	180,000	180,000	180,000	180,000	180,000	180,000	2,876,628	1,260,000	180,000	180,000	-	-
Maintenance-Safety											-	-			
811-9902	Annual Street Restriping	180,228	-	-	15,000	20,000	30,000	40,000	50,000	335,228	155,000	-	15,000	-	-
811-9904	Unanticipated Repairs - Annual	-	9,572	10,788	100,000	100,000	100,000	100,000	100,000	520,360	520,360	9,572	111,000	1,421	1.28%
815-9930	Retaining Wall Repairs	1,595,978	24,064	542,736	50,000	50,000	50,000	50,000	50,000	2,412,777	816,799	24,064	25,000	-	0.00%
811-0008	Shannon Road Repair	433,152	196,438	4,246,474	500,000	-	-	-	-	5,376,064	4,942,912	196,438	4,746,474	50	0.00%
811-0010	Blossom Hill Rd - Union to Camden	-	-	-	800,000	-	-	-	-	800,000	800,000	-	400,000	-	-
812-0130	Roadside Fire Fuel Reduction - Annual	999,809	186,640	1,385,551	100,000	100,000	100,000	100,000	100,000	3,072,000	2,072,191	186,640	1,000,000	-	-
812-0131	East Main Street Crosswalk Improvements	43,700	-	271,300	-	-	-	-	-	315,000	271,300	-	100,000	-	0.00%
812-0133	VMT Mitigation Program	134,767	33,069	82,164	-	-	-	-	-	250,000	115,233	33,069	30,000	1,134	3.78%
812-0134	Measure B Education & Encouragement	18,671	31,506	88,168	-	-	-	-	-	138,345	119,674	31,506	30,000	-	0.00%
812-0135	Town-wide Speed Studies	-	-	80,000	-	-	-	-	-	80,000	80,000	-	-	-	-
Street Improvements											-	-			
813-9921	Curb, Gutter & Sidewalk Maintenance	5,108,300	133,367	481,201	300,000	300,000	300,000	300,000	300,000	7,222,868	2,114,568	133,367	400,000	210,331	52.58%
813-0218	Shannon Road Ped & Bikeway Improvements	263,407	101,435	2,342,102	-	-	-	-	-	2,706,944	2,443,537	101,435	1,937,809	624	0.03%
813-0225	Utility Undergrounding Improvements	2,852	-	299,573	-	-	-	-	-	302,425	299,573	-	-	-	-
813-0227	Traffic Signal Modernization	2,001,927	157,832	31,884	-	-	-	-	-	2,191,643	189,717	157,832	-	-	-
813-0235	Downtown Streetscape Revitalization/Economic Recovery Efforts	1,929,140	239,867	272,633	-	-	-	-	-	2,441,640	512,500	239,867	-	-	0.00%
813-0237	State Route 17 Corridor Congestion Relief	600,000	867,000	-	-	600,000	600,000	600,000	600,000	3,867,000	3,267,000	867,000	-	-	0.00%
813-0240	Winchester Class IV Bikeway	942,062	-	693,560	-	-	-	-	-	1,635,622	693,560	-	-	-	-
813-0241	Kennedy Sidewalk & Bike Lanes - LGB to Englewood	-	-	2,365,376	-	-	-	-	-	2,365,376	2,365,376	-	250,000	-	0.00%
813-0242	Parking Program Implementation	153,110	54,429	609,916	-	-	-	-	-	817,455	664,345	54,429	384,998	9,939	2.58%
813-0244	Overlook Road Tree Replacement	-	-	-	40,000	-	-	-	-	40,000	40,000	-	40,000	-	-
816-0414	Stormwater System - Pollution Prevention Compliance	22,722	38,747	36,531	-	-	-	-	-	98,000	75,278	38,747	36,531	-	0.00%
816-0420	Annual Storm Drain Improvements	291,181	-	252,219	-	-	-	-	-	543,400	252,219	-	-	-	-
816-0421	Loma Street Drainage	-	-	100,000	250,000	496,300	-	-	-	846,300	846,300	-	150,000	-	-
816-0422	Harwood/Belridge Drainage Study	-	-	100,000	-	-	-	-	-	100,000	100,000	-	50,000	-	-
816-0423	709 University Avenue Drainage System Replacement	-	-	200,000	-	-	-	-	-	200,000	200,000	-	75,000	-	-
816-0424	333 University Inlet Capacity Improvements	-	-	50,000	-	-	-	-	-	50,000	50,000	-	-	-	-
816-0425	Storm Drainage Mapping	-	-	190,000	260,001	-	-	-	-	450,001	450,001	-	400,000	-	0.00%
817-0705	Downtown Parking Lots Seal Coat & Restriping	84,839	-	15,161	50,000	-	10,000	-	10,000	170,000	85,161	-	-	-	-
817-0708	Parking Lot 4 Repair/Waterproofing	199,800	14,841	35,359	-	-	-	-	-	250,000	50,200	14,841	-	-	-
Bridges											-	-			
818-0801	Quito Road - Bridge Replacement	64,594	-	285,087	-	-	-	-	-	349,681	285,087	-	-	-	
818-0803	Highway 17 Bicycle & Pedestrian Bridge -	1,083,238	603,009	2,805,877	-	-	-	-	-	4,492,124	3,408,886	603,009	1,056,319	-	0.00%
818-0804	Timber Bridge Inspection	-	-	-	-	25,000	25,000	-	-	50,000	50,000	-	-	-	
Parks											-	-			
831-4007	Oak Meadow Bandstand Area Improvements	22,282	9,125	255,323	-	-	-	-	-	286,730	264,448	9,125	190,000	258	0.14%
831-4008	Oak Meadow Park Plane Recoating	-	-	-	-	-	40,000	-	-	40,000	40,000	-	-	-	-
831-4202	Town Plaza Turf Repairs	9,116	-	27,000	15,000	-	-	-	-	51,116	42,000	-	42,000	-	0.00%
831-4404	Creekside Turf Replacement	-	-	500,000	-	-	-	-	-	500,000	500,000	-	-	-	-
831-4605	Parks Playground Fibar Project	92,531	36,820	20,149	25,000	-	25,000	-	25,000	224,500	131,969	36,820	-	-	-
831-4610	Pinehurst Community Garden	14,314	32,015	288,671	50,000	-	-	-	-	385,000	370,686	32,015	50,000	-	0.00%
831-4611	Sport Court Resurfacing	-	-	-	100,000	-	-	-	-	100,000	100,000	-	100,000	-	0.00%
Trails											-	-		-	
832-4503	Charter Oaks Trail Improvement	72,942	-	474,891	-	-	-	-	-	547,833	474,891	-	-	-	
832-4504	Open Space Trail Upgrades	-	-	152,000	-	-	-	-	-	152,000	152,000	-	75,000	-	0.00%
832-4505	Trailhead Connector	692,000	3,752,315	5,077,536	-	-	-	-	-	9,521,851	8,829,851	3,752,315	822,953	315,713	38.36%
832-4508	Vegetation Management - Town-wide	244,826	5,392	97,489	432,959	100,000	100,000	100,000	100,000	1,180,666	935,840	5,392	930,417	4,101	0.44%
832-4510	Lynn Ave Pedestrian Path Design	-	27,100	212,900	50,000	-	-	-	-	290,000	290,000	27,100	50,000	-	0.00%

Capital Expenditures and Project Status

		Financial Summary									New Information on Projected Spending				
Project Number and Name		Expended Through 2022/23	2023/24 Actuals	Carryforward to 2024/25	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total Budgeted	Projected Available Funding (Total Budgeted - Expended Through 2022/23)	2023/24 Actuals	Projected Spending 24/25	FY 2024/25 YTD Spending through 9/30/24	% Spent Vs Projected
Town Infrastructure											-	-			
821-2002	Town Beautification	129,422	17,687	7,517	15,000	15,000	15,000	15,000	15,000	229,625	100,203	17,687	15,000	-	0.00%
821-2009	Public Art Gateway Project	50,000	20,611	60,889	37,500	37,500	-	-	-	206,500	156,500	20,611	37,500	-	0.00%
821-2012	Emergency Preparedness	-	-	96,780	-	-	-	-	-	96,780	96,780	-	20,000	-	0.00%
821-2013	Annual ADA Compliance Work	-	-	42,130	70,000	20,000	20,000	20,000	20,000	192,130	192,130	-	40,000	-	0.00%
821-2117	Civic Center ADA Restrooms and HR Offices	74,924	91,592	813,484	-	-	-	-	-	980,000	905,076	91,592	730,000	1,102	0.15%
821-2120	Civic Center Plumbing Repair	-	20,428	19,572	40,000	40,000	-	-	-	120,000	120,000	20,428	20,000	-	0.00%
821-2121	TMO Roof Repairs	-	-	79,640	-	-	-	-	-	79,640	79,640	-	79,640	79,640	100.00%
821-2208	ARC – Interim Community Center	-	-	866,281	11,333	-	-	-	-	877,614	877,614	-	30,000	-	0.00%
821-2302	Building Replacement at Corporation Yard	2,156,661	187,152	319,881	-	-	-	-	-	2,663,694	507,033	187,152	250,000	1,815	0.73%
821-2310	Engineering Counter Modification	-	19,656	20,344	-	-	-	-	-	40,000	40,000	19,656	40,000	2,129	5.32%
821-2311	Fleet Service Outdoor Work Area (Design	-	-	-	45,000	-	-	-	-	45,000	45,000	-	35,000	-	0.00%
821-2404	POB Space Study	-	-	75,000	-	-	-	-	-	75,000	75,000	-	40,000	-	0.00%
821-2504	Library Improvements	-	-	22,000	-	-	-	-	-	22,000	22,000	-	-	-	-
821-2505	Battery Power Supply - Library	439,466	100,716	2,818	-	-	-	-	-	543,000	103,534	100,716	-	-	-
821-2601	ADA Upgrade for Public Restrooms - Adult	103,964	301,054	298,844	-	-	-	-	-	703,861	599,898	301,054	75,000	-	0.00%
Equipment											-	-			
841-6003	Town-wide Document Imaging Project	198,011	-	16,989	-	-	-	-	-	215,000	16,989	-	16,989	-	0.00%
841-6101	Enterprise Resource Planning Upgrade	470,129	355,407	777,017	-	-	-	-	-	1,602,554	1,132,425	355,407	505,607	-	0.00%
841-6103	EOC Communications Upgrade	24,717	-	6,000	-	-	-	-	-	30,717	6,000	-	6,000	-	0.00%
841-6104	IT Disaster Recovery Improvements	171,163	-	28,837	-	-	-	-	-	200,000	28,837	-	10,000	-	0.00%
	TOTALS	**47,588,397**	**11,498,784**	**32,566,579**	**7,071,632**	**5,618,639**	**5,129,839**	**5,039,839**	**5,084,839**	**119,598,548**	**72,010,151**	**11,498,784**	**19,429,237**	**633,813**	

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36

Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Civic Center	Parking Lots/Sidewalks	Replace exposed aggregate walkway		$ 110,000										**$ 110,000**
Civic Center	Parking Lots/Sidewalks	Pavement maintenance / restriping			$ 16,000									**$ 16,000**
Civic Center	Building Envelope	Replace sealant between plaza deck and police	$ 30,000											**$ 30,000**
Civic Center	Building Envelope	Annual sealant maintenance	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	**$ 44,000**
Civic Center	Building Envelope	Plaza deck and fountain waterproofing		$ 1,800,000										**$ 1,800,000**
Civic Center	Roof Systems	Annual maintenance	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	**$ 27,500**
Civic Center	Mechanical Systems	Replace terminal units and valves, piping, and abate asbestos insulation	$ 1,680,000											**$ 1,680,000**
Civic Center	Mechanical Systems	Replace police dispatch AHU	$ 60,000											**$ 60,000**
Civic Center	Mechanical Systems	Replace chiller and cooling tower						$ 450,000						**$ 450,000**
Civic Center	Mechanical Systems	Replace Building controls		$ 225,000										**$ 225,000**
Civic Center	Mechanical Systems	Replace unit 2 in Council Chamber IT room		$ 15,000										**$ 15,000**
Civic Center	Mechanical Systems	Insulate boiler room piping	$ 7,500											**$ 7,500**
Civic Center	Electrical Systems	Replace original electrical equipment			$ 475,000									**$ 475,000**
Civic Center	Plumbing Systems	Replace sanitary sewer line in police dispatch			$ 160,000									**$ 160,000**
Civic Center	Fire/Life Safety Systems	Replace fire sprinker heads				$ 10,000								**$ 10,000**
Civic Center	Interiors	Replace carpet			$ 180,000									**$ 180,000**
Civic Center	Interiors	Paint Interior Walls			$ 24,000									**$ 24,000**
Civic Center	Interiors	Replace interior door closers	$ 96,000											**$ 96,000**
Civic Center	Conveyance Systems	Overhaul staff elevator in NUMU	$ 160,000											**$ 160,000**
Civic Center	Accessibility Issues	DAC Accessibility Compliance	$ 109,871	$ 109,871	$ 109,871	$ 109,871	$ 109,871	$ 109,871	$ 109,871	$ 109,871	$ 109,871	$ 109,871	$ 109,871	**$ 1,208,582**
Adult Recreation Center	Parking Lots/Sidewalks	Parking lot reconstruction / correct slope / correct entrance					$ 550,000							**$ 550,000**
Adult Recreation Center	Building Envelope	Paint exterior				$ 65,000								**$ 65,000**
Adult Recreation Center	Building Envelope	Replace single pane windows	$ 220,000											**$ 220,000**
Adult Recreation Center	Roof Systems	Roof replacement								$ 190,000				**$ 190,000**
Adult Recreation Center	Roof Systems	Roof Maintenance	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000		$ 5,000	$ 5,000	$ 5,000	**$ 50,000**
Adult Recreation Center	Mechanical Systems	Replace AHU's in mechanical room				$ 275,000								**$ 275,000**
Adult Recreation Center	Mechanical Systems	Replace roof mounted air handler										$ 80,000		**$ 80,000**
Adult Recreation Center	Mechanical Systems	Replace kitchen exhaust fan	$ 2,500											**$ 2,500**
Adult Recreation Center	Electrical Systems	Overhaul electrical system					$ 200,000							**$ 200,000**
Adult Recreation Center	Fire/Life Safety Systems	Replace fire sprinkler monitoring system			$ 25,000									**$ 25,000**
Adult Recreation Center	Accessibility Issues	DAC Accessibility Compliance	$ 39,337	$ 39,337	$ 39,337	$ 39,337	$ 39,337	$ 39,337	$ 39,337	$ 39,337	$ 39,337	$ 39,337	$ 39,337	**$ 432,711**
Library	Parking Lot/Sidewalks	Parking lot maintenance		$ 8,500						$ 8,500				**$ 17,000**
Library	Parking Lot/Sidewalks	Bioswale maintenance	$ 10,000											**$ 10,000**
Library	Roof Systems	Annual roof maintenance	$ 5,000											**$ 5,000**
Library	Mechanical systems	Replace rooftop Unit RTU-1							$ 450,000					**$ 450,000**
Library	Mechanical systems	Replace EF-1							$ 4,000					**$ 4,000**
Library	Mechanical systems	Replace boiler B-1										$ 60,000		**$ 60,000**
Library	Mechanical systems	Replace VRV heat pump system HP-1										$ 175,000		**$ 175,000**
Library	Mechanical systems	Replace fan powered terminal units										$ 50,000		**$ 50,000**
Library	Electrical Systems	Replace Lutron				$ 400,000								**$ 400,000**
Library	Electrical Systems	Replace "saucer-style" LED lights			$ 18,000									**$ 18,000**
Library	Electrical Systems	Test and Certify Main Electric Panel	$ 50,000					$ 50,000					$ 50,000	**$ 150,000**
Library	Electrical Systems	Replace PV Inverters	$ 40,000											**$ 40,000**
Library	Fire/Life Safety Systems	Replace/Upgrade fire alarm system						$ 50,000						**$ 50,000**
Library	Interiors	Replace floor coverings	$ 180,000						$ 180,000					**$ 360,000**
Library	Interiors	Replace interior door closers							$ 20,000					**$ 20,000**
Library	Accessibility Issues	DAC Accessibility Compliance	$ 19,059	$ 19,059	$ 19,059	$ 19,059	$ 19,059	$ 19,059	$ 19,059	$ 19,059	$ 19,059	$ 19,059	$ 19,059	**$ 209,650**
Library	Conveyance Systems	Elevators							$ 160,000					**$ 160,000**

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36

Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Youth Recreation Center	Parking Lot/Sidewalks	Parking lot maintenance		$ 6,500					$ 6,500					**$ 13,000**
Youth Recreation Center	Building Envelope	Paint exterior			$ 15,000									**$ 15,000**
Youth Recreation Center	Building Envelope	Replace single pane windows						$ 55,000						**$ 55,000**
Youth Recreation Center	Mechanical Systems	Replace 5-ton split system and furnace					$ 24,000							**$ 24,000**
Youth Recreation Center	Mechanical Systems	Replace 4-ton split system and furnace									$ 18,000			**$ 18,000**
Youth Recreation Center	Plumbing System	Replace 40-Gal, 40-MBH domestic water heater							$ 4,000					**$ 4,000**
Youth Recreation Center	Electrical Systems	Overhaul electrical system									$ 70,000			**$ 70,000**
Youth Recreation Center	Interiors	Test vinyl tile for asbestos and replace	$ 25,000											**$ 25,000**
Youth Recreation Center	Interiors	Paint interiors				$ 12,000						$ 12,000		**$ 24,000**
Youth Recreation Center	Accessibility Issues	DAC Accessibility Compliance	$ 17,539	$ 17,539	$ 17,539	$ 17,539	$ 17,539	$ 17,539	$ 17,539	$ 17,539	$ 17,539	$ 17,539	$ 17,539	**$ 192,926**
Police Operations Building	Parking Lots/Sidewalks	Parking lot maintenance		$ 12,000					$ 12,000					**$ 24,000**
Police Operations Building	Parking Lots/Sidewalks	Maintain electric gates	$ 2,000		$ 2,000		$ 2,000		$ 2,000		$ 2,000		$ 2,000	**$ 12,000**
Police Operations Building	Building Envelope	Paint exterior			$ 55,000									**$ 55,000**
Police Operations Building	Building Envelope	Repair expansion joint gap between original building and addition	$ 55,000											**$ 55,000**
Police Operations Building	Roof Systems	Replace roof				$ 510,000								**$ 510,000**
Police Operations Building	Roof Systems	Roof Maintenance	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	**$ 44,000**
Police Operations Building	Mechanical Systems	Replace packaged rooftop units					$ 335,000							**$ 335,000**
Police Operations Building	Mechanical Systems	Replace two split systems			$ 30,000									**$ 30,000**
Police Operations Building	Electrical Systems	Replace automatic transfer switch										$ 25,000		**$ 25,000**
Police Operations Building	Plumbing Systems	Replace 120-Gal, 300 MBH domestic water heater		$ 35,000										**$ 35,000**
Police Operations Building	Fire/Life Safety Systems	Replace fire alarm control panel and initiation devices					$ 20,000							**$ 20,000**
Police Operations Building	Interiors	Paint interior walls				$ 18,000						$ 18,000		**$ 36,000**
Police Operations Building	Interiors	Replace carpet/vinyl flooring				$ 50,000								**$ 50,000**
Police Operations Building	Accessibility Issues	DAC Accessibility Compliance	$ 9,078	$ 9,078	$ 9,078	$ 9,078	$ 9,078	$ 9,078	$ 9,078	$ 9,078	$ 9,078	$ 9,078	$ 9,078	**$ 99,854**
PPW - Equipment Building	Parking Lots/Sidewalks	Mill and overlay parking lot		$ 190,000										**$ 190,000**
PPW - Equipment Building	Building Envelope	Paint exterior		$ 20,000										**$ 20,000**
PPW - Equipment Building	Mechanical Systems	Replace 1.5-ton split system						$ 4,000						**$ 4,000**
PPW - Equipment Building	Mechanical Systems	Replace 4-ton packaged unit										$ 20,000		**$ 20,000**
PPW - Equipment Building	Mechanical Systems	Replace suspended unit heaters						$ 20,000						**$ 20,000**
PPW - Equipment Building	Mechanical Systems	Replace exhaust fans						$ 10,000						**$ 10,000**
PPW - Equipment Building	Electrical Systems	Replace exterior fused disconnect and panel board					$ 10,000							**$ 10,000**
PPW - Equipment Building	Electrical Systems	Replace automatic transfer switch									$ 20,000			**$ 20,000**
PPW - Equipment Building	Electrical Systems	Allowance for replacing 60 KW emergency generator with 200 KW									$ 120,000			**$ 120,000**
PPW - Equipment Building	Plumbing Systems	Replace water heater			$ 10,000									**$ 10,000**
PPW - Equipment Building	Interiors	Paint interiors				$ 12,000								**$ 12,000**
PPW - Equipment Building	Interiors	Replace vinyl tile and repaint floors								$ 22,000				**$ 22,000**
PPW - Equipment Building	Accessibility Issues	DAC Accessibility Compliance	$ 8,732	$ 8,732	$ 8,732	$ 8,732	$ 8,732	$ 8,732	$ 8,732	$ 8,732	$ 8,732	$ 8,732	$ 8,732	**$ 96,053**
PPW - Engineering Building	Building Envelope	Paint exterior		$ 9,000										**$ 9,000**
PPW - Engineering Building	Plumbing Systems	Plumbing - renovated 2022				$ 25,000								**$ 25,000**
PPW - Engineering Building	Interiors	Paint interiors						$ 12,000						**$ 12,000**
PPW - Engineering Building	Accessibility Issues	DAC Accessibility Compliance	$ 4,790	$ 4,790	$ 4,790	$ 4,790	$ 4,790	$ 4,790	$ 4,790	$ 4,790	$ 4,790	$ 4,790	$ 4,790	**$ 52,685**
PPW - Corp Yard White House	Parking Lots/Sidewalks	Maintenace	$ 7,000											**$ 7,000**
PPW - Corp Yard White House	Mechanical Systems	Replace upstairs HVAC system							$ 20,000					**$ 20,000**
PPW - Corp Yard White House	Mechanical Systems	Replace downstairs HVAC system							$ 20,000					**$ 20,000**
PPW - Corp Yard White House	Electrical Systems	Replace 200-amp main electrical panel											$ 25,000	**$ 25,000**
PPW - Corp Yard White House	Plumbing Systems	Replace 40-MBH, 30-Gal domestic water heater				$ 6,000								**$ 6,000**
PPW - Corp Yard White House	Interiors	Paint interiors				$ 15,000								**$ 15,000**
PPW - Corp Yard White House	Interiors	Refinish wood floors and replace carpet				$ 44,000								**$ 44,000**
PPW - Corp Yard White House	Accessibility Issues	DAC Accessibility Compliance	$ 21,612	$ 21,612	$ 21,612	$ 21,612	$ 21,612	$ 21,612	$ 21,612	$ 21,612	$ 21,612	$ 21,612	$ 21,612	**$ 237,730**
PPW - Corp Yard	Parking Lots/Sidewalks	Paint Carport and Maintenance Building	$ 50,000											**$ 50,000**

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36

Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Forbes Mill Museum	Parking Lots/Sidewalks	Parking lot maintenance			$ 6,500									**$ 6,500**
Forbes Mill Museum	Building Envelope	Repoint external masonry walls						$ 2,500						**$ 2,500**
Forbes Mill Museum	Building Envelope	Refurbish historic barn door and replace broken windows		$ 4,500										**$ 4,500**
Forbes Mill Museum	Roof Systems	Roof replacement			$ 92,000									**$ 92,000**
Forbes Mill Museum	Roof Systems	Annual roof maintenance	$ 5,000	$ 5,000										**$ 10,000**
Forbes Mill Museum	Mechanical Systems	Replace HVAC system	$ 50,000											**$ 50,000**
Forbes Mill Museum	Mechanical Systems	Replace exhaust fans			$ 2,000									**$ 2,000**
Forbes Mill Museum	Electrical Systems	Overhaul electrical system	$ 50,000											**$ 50,000**
Forbes Mill Museum	Plumbing Systems	Replace 2-KW, 6-Gal domestic water heater	$ 1,500											**$ 1,500**
Forbes Mill Museum	Plumbing Systems	Replace 'private' restroom fixtures	$ 4,000											**$ 4,000**
Forbes Mill Museum	Fire/Life Safety Systems	Replace security system						$ 20,000						**$ 20,000**
Forbes Mill Museum	Interiors	Repair trip hazard	$ 500											**$ 500**
Forbes Mill Museum	Interiors	Replace flooring		$ 7,500										**$ 7,500**
Forbes Mill Museum	Interiors	Paint interiors		$ 22,000						$ 22,000				**$ 44,000**
Forbes Mill Museum	Accessibility Issues	DAC Accessibility Compliance	$ 13,900	$ 13,900	$ 13,900	$ 13,900	$ 13,900	$ 13,900	$ 13,900	$ 13,900	$ 13,900	$ 13,900	$ 13,900	**$ 152,900**
Tait Museum	Parking Lots/Sidewalks	Ramp and railing repainting			$ 2,500					$ 2,500				**$ 5,000**
Tait Museum	Parking Lots/Sidewalks	Mill and overlay parking lot		$ 10,500										**$ 10,500**
Tait Museum	Building envelope	Patch stucco walls		$ 2,500										**$ 2,500**
Tait Museum	Building envelope	Paint exterior		$ 15,000										**$ 15,000**
Tait Museum	Building envelope	Replace/refinish exterior doors		$ 10,500										**$ 10,500**
Tait Museum	Building envelope	Replace windows while retaining historic glass		$ 30,000										**$ 30,000**
Tait Museum	Roof Systems	Annual roof maintenance	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	**$ 22,000**
Tait Museum	Mechanical Systems	Replace 120-MBH Furnace and 5-ton split system			$ 20,000									**$ 20,000**
Tait Museum	Plumbing Systems	Replace or install water heater	$ 3,000											**$ 3,000**
Tait Museum	Plumbing Systems	Replace galvanized piping		$ 10,000										**$ 10,000**
Tait Museum	Plumbing Systems	Replace kitchen sink		$ 2,000										**$ 2,000**
Tait Museum	Fire/Life Safety Systems	Replace security system											$ 20,000	**$ 20,000**
Tait Museum	Interiors	Paint interiors		$ 15,000						$ 15,000				**$ 30,000**
Tait Museum	Interiors	Modernize kitchen	$ 20,000											**$ 20,000**
Tait Museum	Accessibility Issues	DAC Accessibility Compliance	$ 14,690	$ 14,690	$ 14,690	$ 14,690	$ 14,690	$ 14,690	$ 14,690	$ 14,690	$ 14,690	$ 14,690	$ 14,690	**$ 161,585**

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36

Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Los Gatos Theatre	Site/Parking Lots/Sidewalks	Asphalt and drainage improvements						$ 250,000						**$ 250,000**
Los Gatos Theatre	Site/Parking Lots/Sidewalks	Curbing repair						$ 40,000						**$ 40,000**
Los Gatos Theatre	Site/Parking Lots/Sidewalks	Gate latch repair									$ 4,000			**$ 4,000**
Los Gatos Theatre	Building Envelope	Window replacement										$ 250,000		**$ 250,000**
Los Gatos Theatre	Building Envelope	Doors replacement										$ 150,000		**$ 150,000**
Los Gatos Theatre	Building Envelope	Entrance door operator								$ 7,500				**$ 7,500**
Los Gatos Theatre	Building Envelope	Balcony and entrance terazzo			$ 150,000									**$ 150,000**
Los Gatos Theatre	Building Envelope	Marquee maintenance										$ 75,000		**$ 75,000**
Los Gatos Theatre	Building Envelope	Paint exterior						$ 60,000						**$ 60,000**
Los Gatos Theatre	Roof Systems	Downspout maintenance										$ 20,000		**$ 20,000**
Los Gatos Theatre	Roof Systems	Leakage repair				$ 1,500					$ 1,500			**$ 3,000**
Los Gatos Theatre	Roof Systems	Roof replacement								$ 250,000				**$ 250,000**
Los Gatos Theatre	Mechanical Systems	Interior lighting controls								$ 150,000				**$ 150,000**
Los Gatos Theatre	Mechanical Systems	HVAC system improvements										$ 500,000		**$ 500,000**
Los Gatos Theatre	Electrical Systems	Overhaul electrical system								$ 350,000				**$ 350,000**
Los Gatos Theatre	Fire/Life Safety Systems	Phone line - Fire alarm		$ 50,000										**$ 50,000**
Los Gatos Theatre	Fire/Life Safety Systems	Large equipment bracing		$ 20,000										**$ 20,000**
Los Gatos Theatre	Interiors	Paint interior						$ 60,000						**$ 60,000**
Los Gatos Theatre	Interiors	Baseboard repair									$ 10,000			**$ 10,000**
Los Gatos Theatre	Interiors	Flooring replacement						$ 150,000						**$ 150,000**
Los Gatos Theatre	Interiors	Main theatre seating										$ 400,000		**$ 400,000**
Los Gatos Theatre	Interiors	Replacement lighting fixtures						$ 25,000						**$ 25,000**
Los Gatos Theatre	Interiors	Concessions equipment									$ 30,000			**$ 30,000**
Los Gatos Theatre	Interiors	PA system			$ 5,000									**$ 5,000**
Los Gatos Theatre	Accessibility Issues	DAC Accessibility Compliance	$ 36,071	$ 36,071	$ 36,071	$ 36,071	$ 36,071	$ 36,071	$ 36,071	$ 36,071	$ 36,071	$ 36,071	$ 36,071	**$ 396,784**
Los Gatos Theatre	Conveyance Systems	Phone line - Elevator			$ 50,000									**$ 50,000**
Underground Parking Garage	Parking Lots/Sidewalks	Lot restriping						$ 18,000						**$ 18,000**
Underground Parking Garage	Electrical Systems	Refinish pole lights			$ 45,000									**$ 45,000**
Underground Parking Garage	Fire/Life Safety Systems	Replace sprinkler system										$ 80,000		**$ 80,000**
Underground Parking Garage	Fire/Life Safety Systems	Replace sprinkler monitoring system		$ 10,000										**$ 10,000**
Underground Parking Garage	Accessibility Issues	DAC Accessibility Compliance - Parking Lot 4	$ 7,025	$ 7,025	$ 7,025	$ 7,025	$ 7,025	$ 7,025	$ 7,025	$ 7,025	$ 7,025	$ 7,025	$ 7,025	**$ 77,277**
Balzer Field (Restrooms Bldg.)	Parking Lots/Sidewalks	Parking lot maintenance		$ 7,000					$ 7,000					**$ 14,000**
Balzer Field (Restrooms Bldg.)	Building Envelope	Paint exterior			$ 8,000									**$ 8,000**
Balzer Field (Restrooms Bldg.)	Roof Systems	Roof replacement							$ 8,000					**$ 8,000**
Balzer Field (Restrooms Bldg.)	Mechanical Systems	Replace ceiling mounted exhaust fans			$ 2,000									**$ 2,000**
Balzer Field (Restrooms Bldg.)	Plumbing Systems	Replace 5-Gal electric domestic water heater			$ 2,000									**$ 2,000**
Balzer Field (Restrooms Bldg.)	Interiors	Paint interiors				$ 3,000						$ 3,000		**$ 6,000**
Balzer Field (Restrooms Bldg.)	Accessibility Issues	DAC Accessibility Compliance	$ 2,420	$ 2,420	$ 2,420	$ 2,420	$ 2,420	$ 2,420	$ 2,420	$ 2,420	$ 2,420	$ 2,420	$ 2,420	**$ 26,621**
Belgatos Park (Restrooms Bldg.)	Parking Lots/Sidewalks	Parking lot maintenance		$ 6,000										**$ 6,000**
Belgatos Park (Restrooms Bldg.)	Building Envelope	Paint exterior		$ 4,500										**$ 4,500**
Belgatos Park (Restrooms Bldg.)	Roof Systems	Replace roof							$ 7,500					**$ 7,500**
Belgatos Park (Restrooms Bldg.)	Mechanical Systems	Replace exhaust fans		$ 2,000										**$ 2,000**
Belgatos Park (Restrooms Bldg.)	Electrical Systems	Replace 225-amp main electrical panel				$ 5,000								**$ 5,000**
Belgatos Park (Restrooms Bldg.)	Electrical Systems	Replace 10-hp motor controller				$ 4,000								**$ 4,000**
Belgatos Park (Restrooms Bldg.)	Plumbing Systems	Replace restroom fixtures				$ 8,000								**$ 8,000**
Belgatos Park (Restrooms Bldg.)	Interiors	Paint interiors						$ 6,500						**$ 6,500**
Belgatos Park (Restrooms Bldg.)	Accessibility Issues	DAC Accessibility Compliance	$ 2,089	$ 2,089	$ 2,089	$ 2,089	$ 2,089	$ 2,089	$ 2,089	$ 2,089	$ 2,089	$ 2,089	$ 2,089	**$ 22,976**

Town of Los Gatos Facility Needs Projection Fiscal Years 25/26 through 35/36

Location/Building	Project/System Type	Project Name	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36	TOTALS
Blossom Hill Park (Restrooms Bldg.)	Building Envelope	Paint exterior				$ 4,500								**$ 4,500**
Blossom Hill Park (Restrooms Bldg.)	Roof Systems	Replace roof							$ 9,500					**$ 9,500**
Blossom Hill Park (Restrooms Bldg.)	Electrical Systems	Upgrade 200-amp main electrical panel					$ 10,000							**$ 10,000**
Blossom Hill Park (Restrooms Bldg.)	Electrical Systems	Replace tennis court time clocks					$ 14,000							**$ 14,000**
Blossom Hill Park (Restrooms Bldg.)	Plumbing Systems	Replace 20-Gal electric domestic water heater					$ 2,000							**$ 2,000**
Blossom Hill Park (Restrooms Bldg.)	Interiors	Paint interiors, including walls, floors, and celings				$ 7,500								**$ 7,500**
Blossom Hill Park (Restrooms Bldg.)	Accessibility Issues	DAC Accessibility Compliance	$ 3,218	$ 3,218	$ 3,218	$ 3,218	$ 3,218	$ 3,218	$ 3,218	$ 3,218	$ 3,218	$ 3,218	$ 3,218	**$ 35,401**
Creekside Sports Park Restrooms	Parking Lots/Sidewalks	Parking lot maintenance		$ 10,500										**$ 10,500**
Creekside Sports Park Restrooms	Building Envelope	Paint Exterior	$ 4,500											**$ 4,500**
Creekside Sports Park Restrooms	Building Envelope	Replace and paint wood fascia boards	$ 3,500											**$ 3,500**
Creekside Sports Park Restrooms	Mechanical Systems	Replace exhaust fan			$ 3,000									**$ 3,000**
Creekside Sports Park Restrooms	Plumbing Systems	Replace 20-Gal, 4.5 KW domestic water heater			$ 4,000									**$ 4,000**
Creekside Sports Park Restrooms	Plumbing Systems	Replace diaphram pressure booster system			$ 10,000									**$ 10,000**
Creekside Sports Park Restrooms	Interiors	Paint interiors		$ 6,500										**$ 6,500**
Creekside Sports Park Restrooms	Accessibility Issues	DAC Accessibility Compliance	$ 830	$ 830	$ 830	$ 830	$ 830	$ 830	$ 830	$ 830	$ 830	$ 830	$ 830	**$ 9,127**
Oak Meadow Park Restrooms	Parking Lots/Sidewalks	Parking lot maintenance (including ADA markings)		$ 15,000					$ 15,000					**$ 30,000**
Oak Meadow Park Restrooms	Building Envelope	Paint exterior privacy fence		$ 2,000										**$ 2,000**
Oak Meadow Park Restrooms	Roof Systems	Roof replacement							$ 9,500					**$ 9,500**
Oak Meadow Park Restrooms	Mechanical Systems	Replace direct drive propeller exhaust fans						$ 4,000						**$ 4,000**
Oak Meadow Park Restrooms	Interiors	Paint Interiors			$ 7,000									**$ 7,000**
Oak Meadow Park Restrooms	Accessibility Issues	DAC Accessibility Compliance	$ 3,285	$ 3,285	$ 3,285	$ 3,285	$ 3,285	$ 3,285	$ 3,285	$ 3,285	$ 3,285	$ 3,285	$ 3,285	**$ 36,133**
Annual Total 2022 Dollars[2]			**$ 3,153,045**	**$ 3,030,045**	**$ 1,750,045**	**$ 1,806,545**	**$ 1,498,045**	**$ 1,618,045**	**$ 1,266,045**	**$ 1,343,545**	**$ 606,545**	**$ 2,249,045**	**$ 428,045**	**$ 18,748,995**
Annual Total Escalated to 2024 Dollars at 4%			$ 3,410,333	$ 3,277,297	$ 1,892,849	$ 1,953,959	$ 1,620,285	$ 1,750,077	$ 1,369,354	$ 1,453,178	$ 656,039	$ 2,432,567	$ 462,973	**$ 20,278,913**

Notes:

1. Projections are based on information developed by Facility Engineering Associates in Fiscal Year 2021/22, informtation developed by Disability Access Consultants in 2022 and staff recommendations
2. Annual totals are on 2022 dollars. 2024 escalation provided for discussion. Future development of this projection will escalate all costs to year of projected expense.

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Park Improvement	All Parks	Maintenance	Town-wide drinking fountain to hydration station	$ 50,000	x		x	
Park Improvement	All Parks	Maintenance	ADA Compliance Work	$ 1,750,000	x	x	x	x
Park Improvement	Blossom Hill Park	Maintenance	Turf Rehabilitation	$ 200,000	x		x	
Park Improvement	Civic Center Lawn	Maintenance	Irrigation System Replacement	$ 200,000			x	
Park Improvement	LaRinconada Park	Improvement	Playground Replacement	$ 300,000	x		x	
Park Improvement	LaRinconada Park	Maintenance	Irrigation System, Furniture and General Upgrades	$ 50,000			x	
Park Improvement	LaRinconada Park	Maintenance	Turf Renovation + Irrigation system upgrades	$ 200,000			x	
Park Improvement	Live Oak Manor	Maintenance	Turf Rehabilitation	$ 200,000			x	
Park Improvement	Los Gatos Creek	Study	Develop Los Gatos Creek Restoration Plan (per General Plan 2024)	TBD				
Park Improvement	Oak Hill Play Lot	Improvement	Play Structure Replacement / Hardscape Upgrades	$ 350,000	x		x	
Park Improvement	Oak Meadow Park	Improvement	Playground Replacement	$ 500,000	x		x	
Park Improvement	Oak Meadow Park	Maintenance	Bocce Courts Reconstruction	$ 50,000		x	x	
Park Improvement	Oak Meadow Park	Maintenance	Fencing Replacement	$ 75,000	x		x	
Park Improvement	Oak Meadow Park	Maintenance	General Improvements and Upkeep	$ 250,000	x	x	x	
Park Improvement	Oak Meadow Park	New Asset	Parking Kiosk to reinstate paid parking	$ 25,000				
Park Improvement	Oak Meadow Park	New Asset	Oak Meadow Park Restroom Expansion	$ 750,000		x	x	
Park Improvement	Plaza Park	New Asset	Event Lighting	$ 50,000			x	
Park Improvement	Roberts Road at Los Gatos Creek Trail	Improvement	New trail access from Blossom Hill Road (to support Highway Overcrossing)	$ 125,000	x		x	
Park Improvement	Townwide	Study	Townwide Park Master Plan	$ 250,000		x	x	
Park Improvement / Trail	Along Highway 17	New Asset	Add Trail along Highway 17 from Los Gatos Creek Trail to Lodge (from BPMP)	$ 1,189,000				
Park Improvement / Trail	Farley Road	New Asset	New Highway 17 Overcrossing from Farley Road to Los Gatos Creek Trail though Vasona Park (from BPMP)	$ 8,400,000				
Park Improvement / Trail	Guadalupe River Trail	New Asset	Guadalupe River Trail near Hicks Road	$ 6,600,000	x		x	
Park Improvement / Trail	Highway 85 Rail Trail	New Asset	Southern Pacific Rail Trail (Hwy 85 Corridor)	$ 5,840,000	x		x	
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	Trail Pavement Rehab	$ 580,000	x		x	
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	Trail Access, Signage and Wayfinding (per General Plan 2040)	$ 10,000	x		x	
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	Lighting at Undercrossings; BHR and Hwy 85	$ 175,000	x			
Park Improvement / Trail	Los Gatos Creek Trail	Maintenance	LGCT repair wooden bridge on LG Creek Trail	$ 20,000	x		x	

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Park Improvement / Trail	Ross Creek	Improvement	Develop a Ross Creek Restoration Plan (per General Plan 2040)	TBD				
Storm Drainage	Ashler Avenue	Improvement	Add drainage structures and piping to eliminate dead end systems (2019 Study)	$ 4,774,000	x		x	
Storm Drainage	Bachman at Massol	Maintenance	Replace trash rack and improve culvert inlet (2019 Study)	$ 84,000	x		x	
Storm Drainage	Bayview Court / Bayview Avenue @ Main; Penn Ave at Peralta / Fairview	Improvement	Upgrade trash rack and culvert ; add parallel drainage pipe along Main Street, install drainage in Fairview Plaza; replace concrete channel along Pennsylvania with pipe (2019 Study)	$ 3,542,000	x		x	
Storm Drainage	Euclid Avenue	Improvement	Upgrade and extend system to convey 10% annual chance event (2019 Study)	$ 1,386,000	x		x	
Storm Drainage	Foster Road	Improvement	Add inlets and or curb (2019 Study)	$ 282,800	x		x	
Storm Drainage	Kennedy between Englewood and LGB	Improvement	Extend drainage system on Kennedy from Vista del Monte to Gem Avenue (2019 Study)	$ 1,044,400	x		x	
Storm Drainage	Los Gatos -Almaden Road	Improvement	Install drainage on Los Gatos Almaden Road near Gardenia and Longwood; upsize pipes from Camino del Cerro to south of Escobar Ave; connect system from Cherry Blossom / Lester to south system; requires construction on private property (2019 Study)	$ 7,302,400	x		x	
Storm Drainage	Mill	Maintenance	Correct deficiencies in two systems (2019 Study)	$ 316,400	x		x	
Storm Drainage	Replace Frames and Grates on structures	Maintenance	Replace frames and grates on structures throughout Town	$ 49,500	x			
Storm Drainage	Hill Road	Maintenance	Replace Manholes of Blossom Hill Road	$ 169,200	x			
Storm Drainage	Shannon Road at Short Road	Improvement	Extend drainage on Shannon Road to provide inlets; excavate Short Creek Channel to reduce drain back up when creek is full.(2019 Study)	$ 455,000	x		x	
Storm Drainage	University at Roberts	Improvement	Add drainage on University Ave from Roberts Road to Blossom Hill Road HR + 150' east on BHR to connect to existing system(2019 Study)	$ 2,340,800	x		x	
Storm Drainage	195 Jackson	Maintenance	Repair failing drainage pipe on private property	$ 200,000	x		x	
Storm Drainage	Kennedy Meadows	Improvement	Eliminate misaligned pipe and replace with open channel	$ 220,000	x		x	
Storm Drainage	Overlook Road Drainage	Improvement	Overlook Road Drainage	$ 960,000	x		x	
Street Improvement	Blossom Hill Road	New Asset	Highway 17 Overcrossing	$ 25,440,000	x	x	x	

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Street Improvement	Downtown	Improvement	Replace Tree Wrap Lights and Upgrade Electrical	$ 150,000	x		x	
Street Improvement	Grays Lane	New Asset	Traffic Bollards to protect pedestrian space	$ 35,000	x		x	
Street Improvement	North and South Santa Cruz from Highway 9 to Broadway	Improvement	Streetscape Project	$ 980,000	x		x	
Street Improvement	North Santa Cruz from Blossom Hill Road to Highway 9	Improvement	Pavement Rehabilitation	$ 910,000	x		x	
Street Improvement	Pollard Road	Improvement	Compelete Streets Improvements from Knowles Drive to Quito Road (per BPMP)	$ 2,900,000				
Street Improvement	Townwide	Improvement	Comprehensive Bike Rack Installations	$ 17,000			x	
Street Improvement	Townwide	Study	Town-wide Traffic Study Model	$ 250,000	x		x	
Street Improvement	Winchester Blvd	Improvement	Complete Streets Improvements from Knowles Drive to Blossom Hill Road (per BPMP)	$ 74,000,000				
Street Repair/ Maintenance / Safety	Blossom Hill Road at Cherry Blossom	Improvement	Traffic signal replacement and intersection improvement	$ 4,970,000	x		x	
Street Repair/ Maintenance / Safety	Blossom Hill Road at Francis Oaks Way	Study	Evaluate hillside for potential stabilization	$ 35,000	x			
Street Repair/ Maintenance / Safety	Blossom Hill Road from Union to Meadowbrook	Improvement	Sidewalk gap closure	$ 3,550,000	x	x	x	
Street Repair/ Maintenance / Safety	Downtown	Improvement	Upgrade street lights to LED's	$ 350,000				
Street Repair/ Maintenance / Safety	Downtown	Maintenance	Sign Management Project	$ 50,000			x	
Street Repair/ Maintenance / Safety	Fisher Avenue	Improvement	Sidewalk gap closure (from BPMP)	$ 600,000	x	x		
Street Repair/ Maintenance / Safety	Heritage Grove Area	Maintenance	Replace asphalt sidewalks	$ 80,000	x	x	x	
Street Repair/ Maintenance / Safety	Highway 17 at Route 9	Improvement	Interchange Reconstruction - Town cost share is 10%	$ 11,000,000				
Street Repair/ Maintenance / Safety	Los Gatos Almaden Road	Improvement	Sidewalk gap closure along Los Gatos Almaden Road: Peach Blossom Lane to Camine del Cerro (from BPMP)	$ 9,100,000	x	x	x	
Street Repair/ Maintenance / Safety	Public Parking Lots	Maintenance	Pavement Repair	$ 500,000	x		x	
Street Repair/ Maintenance / Safety	Quito Road at Bicknell	Maintenance	Repair eroding stream embankment	$ 400,000	x			
Street Repair/ Maintenance / Safety	Townwide	Improvement	Identify evacuation routes for wildfire zones and design for pull offs to ensure emergency access (from General Plan 2040 and CWPP)	$ 200,000	x	x	x	
Street Repair/ Maintenance / Safety	Townwide	Improvement	Green Infrastructure Improvements	$ 620,000				x
Street Repair/ Maintenance / Safety	Townwide	Maintenace	Townwide Traffic Signal Replacements	$ 30,450,000	x			
Street Repair/ Maintenance / Safety	Townwide	Maintenance	ADA Compliance Work	$ 20,330,000	x	x	x	x
Street Repair/ Maintenance / Safety	Townwide	Maintenance	Townwide Traffic Signal Safety Upgrades	$ 660,000	x			

Streets, Parks and Other Needs

Funding Program	Project Location	Project Type (Maintenance / Improvement / New Asset / Study)	Project	Preliminary Opinion of Potential Costs	Safety	Equity	Quality of Life	Regulatory Mandate
Street Repair/ Maintenance / Safety	Lynn Avenue	Improvement	Sidewalk gap filling, add bike lanes	$ 2,500,000	x	x	x	
Town Infrastructure and Facilities	Corp Yard	Improvement	Replace Switch Gear and Generator	$ 500,000	x		x	
Town Infrastructure and Facilities	Corp Yard	Maintenance	CNG station decommissioning	$ 200,000	x			
Town Infrastructure and Facilities	Corp Yard	New Asset	Charging Station for Town Vehicles	$ 250,000				x
Town Infrastructure and Facilities	Downtown	New Asset	New restroom design and construction	$ 500,000		x	x	
Town Infrastructure and Facilities	Police Operations Building	New Asset	Charging Stations (2) (employee use)	$ 40,000			x	
IT Need	Police Operations Building	New Asset	Redundant Server	$ 150,000	x			
IT Need	Police Operations Building and Corp Yard	New Asset	Redunant Firewalls	$ 50,000	x			
IT Need	Police HQ and Police Operations Building	New Asset	UPS	$ 60,000	x			
IT Need	Civic Center	Improvement	Updated Camera System / CCTV	$ 50,000	x			

Notes:

1. BPMP = Bicycle and Pedestrian Master Plan
2. CWPP = Community Wildfire Protection Plan
3. 2019 Study = Drainage Assessment complete for critical areas

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 11/19/[illegible]
ITEM NO: 1
ADDENDUM

DATE: November 18, 2024

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: Receive an Introductory Report on the Capital Infrastructure Needs of the Town of Los Gatos

REMARKS:

Attachment 5 contains the staff presentation.

Attachments Previously Received with the Staff Report:
1. History of Capital Funding
2. Current Projects
3. Facilities Needs
4. Roads, Parks and Other Projects

Attachments Received with this Addendum:
5. Staff Presentation

PREPARED BY: Nicolle Burnham
Parks and Public Works Director

Reviewed by: Town Manager

This Page Intentionally Left Blank

Capital Improvement Program Study Session

Town Council
November 19, 2024
Item 1

PURPOSE AND INTENT

- Initial discussion regarding capital infrastructure needs of the Town.
- Overall goal is to develop a look ahead of required annual costs to maintain existing infrastructure: roads, buildings, parks, etc.
  - Current information identifies a 10-year look forward

CAPITAL BUDGETING

- Refer to Staff Report Attachment 1
- 10-year source and use of funds support capital projects: gas tax, utility undergrounding, traffic mitigation, storm drain funds, grants and general fund appropriated reserve (GFAR)
- Trends and observations
  - ✓Ending fund balances remain high in many funds
  - ✓Grant sources increased dramatically in 2021/22
  - ✓Storm drain and utility undergrounding sources have increased with little use of funds
  - ✓GFAR is the only source that includes unrestricted capital funds

CURRENT PROJECT DELIVERY

- Refer to Staff Report Attachment 2
- Spending lags projections at end of Q1 due to:
  - ✓ Spending on certain projects was not expected until later in FY 2024/25 (e.g., Shannon Road Repair, Townwide Vegetation Management)
  - ✓ Billing and processing lags performance of work (e.g., Shannon Road Ped and Bikeway Project, Annual Curb Gutter Sidewalk, Annual Street Repair and Resurfacing, Parking Program Implementation)
  - ✓ Some project schedules have shifted due to staffing constraints (e.g., Roadside Fire Fuel Reduction, Pinehurst Community Garden, Lynn Avenue Walkway)

FACILITIES NEED PROJECTION 25/26 TO 35/36

- Refer to Staff Memorandum Attachment 2
- Based on 2022 facility condition assessments and American with Disabilities Act Assessment of all Town assets
- Preliminary projection of required annual spending to maintain existing building assets

	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	FY 32/33	FY 33/34	FY 34/35	FY 35/36
Annual Total 2022 Dollars	3,153,045	3,030,045	1,750,045	1,806,545	1,498,045	1,618,045	1,266,045	1,343,545	606,545	2,249,045	428,045
Annual Total Escalated to 2024 Dollars at 4%	3,410,333	3,277,297	1,892,849	1,953,959	1,620,285	1,750,077	1,369,354	1,453,178	656,039	2,432,567	462,973

STREETS AND PARKS

- Refer to Staff Report Attachment 4
- Summary of currently known needs
  - From field conditions and staff knowledge
  - Bicycle and Pedestrian Master Plan
  - General Plan 2024 (various adopted elements)

SUMMARY OF NEED

Items / Need	Current Opinion of Potential Costs (2024$)
Town Owned Buildings - Maintenance	$ 20,278,913
Town Owned Buildings – Capital Needs	$ 1,490,000
Parks	$ 28,189,000
Storm Drainage	$ 23,126,500
Streets and Roads	$ 166,037,000
IT Needs	$ 310,000

POTENTIAL FUTURE MAJOR NEEDS

- Police Operations Consolidation
- Civic Center Upgrades
- Projects in 2040 General Plan

NEXT STEPS

- Refine project lists in Staff Report Attachments 3 and 4 to reflect required spending year over year
  - This may require additional studies (e,g., playground condition assessments, facility assessment of Civic Center, etc.)
- Return to Council with refined projections and assessment of fiscal impacts
- Align annual CIP budget efforts to what can be funded and completed with a focus on sustaining capital assets that are currently in use.
- Work towards establishing annual contribution necessary for current capital and determining funding available to reserve for future capital

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 12/16/2025
ITEM NO: 17

DATE: December 16, 2025

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update**

RECOMMENDATION: Discuss, Consider, and Provide Direction Regarding Wildfire Risk Mitigation Program Options, Planning Level Cost Estimates, and Emergency Management Initiatives Update

FISCAL IMPACT:

This item does not commit the Town to specific expenditures. It provides planning-level cost ranges for potential wildfire mitigation and preparedness program elements to support Council discussion of investment levels and program priorities.

Based on the cost ranges in Attachments 1 and 2, the three illustrative program scenarios have approximate annual operating costs of:

• Scenario 1 Foundational Program: about $1.1 to $1.15 million per year, plus an estimated $0.8 to $1.0 million in one-time or capital work over 5 to 10 years.

• Scenario 2 Intermediate Program: about $1.6 to $2.3 million per year, plus an estimated $3 to $5 million in one-time or capital investments over 5 to 10 years.

• Scenario 3 Comprehensive Program: about $2.1 to $3.0 million per year, plus an estimated $6 to $11 million or more in cumulative one-time and capital work over 5 to 10 years.

These figures are order-of-magnitude planning estimates in current-year dollars and do not include grant offsets. Successful external funding would reduce the Town's net cost. More detailed assumptions for each element appear in the body of the report and in Attachments 1 and 2.

PREPARED BY: Chris Todd
Emergency Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

STRATEGIC PRIORITY:

These efforts align with the strategic priority to further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk.

BACKGROUND:

In recent years, the Town of Los Gatos has experienced increasing wildfire risk due to the 2020–2022 drought, fuel accumulation, and climate driven changes in fire behavior. At the same time, the Town has made significant progress in emergency planning, including adoption of an updated Emergency Operations Plan (EOP), Community Wildfire Protection Plan (CWPP), Local Hazard Mitigation Plan (LHMP), expansion of roadside vegetation management, and initiation of Town wide evacuation and wildfire modeling.

In alignment with the Town Council's strategic priority to "Further the Town's emergency preparedness, resiliency, and response capabilities, particularly in the area of wildfire risk," staff have developed a set of program options and planning level cost estimates to help the Council consider the scale and scope of a future, more comprehensive wildfire mitigation program. This report focuses on public safety measures and Town level preparedness and continuity, including Emergency Operations Center (EOC) capabilities. It does not evaluate operational staffing needs or response capabilities of the Police Department or the Santa Clara County Fire Department.

To develop the program options and cost ranges, staff drew on multiple sources:

- The Santa Clara County Multi Jurisdictional Hazard Mitigation Plan (MJHMP) and the Town of Los Gatos Local Hazard Mitigation Plan Annex / Community Wildfire Protection Plan (CWPP), the Town of Los Gatos Ad Hoc Wildfire Committee Report (2020), and community input, which together identify wildfire, earthquake, and flooding as the Town's top natural hazards;
- Budget and program information from comparable wildland urban interface communities, including Truckee, CA (voter approved Measure T wildfire resilience investments), Montecito, CA, and Sonoma County's Wildfire Adapted program; and
- Fire Smart community pilots supported by the Tahoe Fund and partners.

While these communities differ in size and governance structure, they provide useful per resident and per acre benchmarks for the level of investment that may be appropriate for Los Gatos, given its approximately 33,500 residents and roughly 12 square miles of primarily residential development with significant hillside WUI exposure.

For context:

- Los Gatos, CA – approx. 33,500 residents; ~12 square miles (~7,500 acres); primarily residential, with steep WUI hillsides directly upslope of denser in town neighborhoods.

- Truckee, CA – approx. 17,380 residents; 34 square miles (~21,540 acres); roughly half the population of Los Gatos but about twice the land area, with extensive forested WUI and access constraints.

- Montecito, CA – approx. 8,600 residents; 9.18 square miles (~5,875 acres); somewhat smaller in land area and about one quarter of Los Gatos' population, but facing high consequence wildfire, debris flow, and evacuation challenges similar to Los Gatos' hillside neighborhoods.

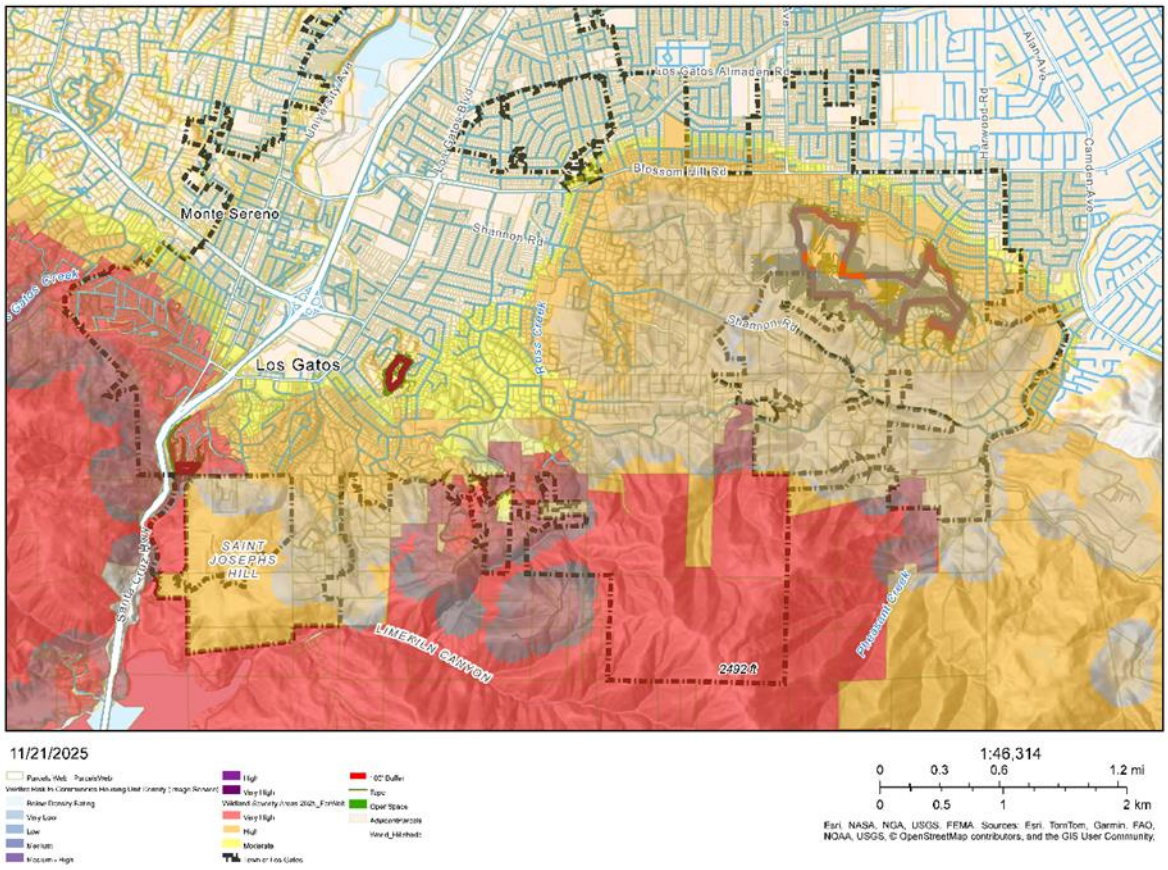
Taken together, these comparisons suggest that a robust wildfire program for Los Gatos would reasonably fall within the per resident and per acre investment ranges seen in these communities, adjusted for local labor, contracting, and administrative costs.

DISCUSSION:

1. Risk Context and Key Hazards

Graphic on Next Page

Wildfire Hazard Map with Housing Density



For Los Gatos, wildfire is the primary focus of this report. While the Town also faces significant earthquake and flood/storm hazards, the specific program options and costs presented here are oriented toward wildfire mitigation and preparedness, with co-benefits for other hazards. Within the wildfire hazard, staff identify three key mechanisms of fire spread:

1. Vegetation-to-Structure Ignition at the WUI Boundary
    - Dense, continuous fuels on steep hillsides or in canyons adjacent to homes can create conditions for rapid fire spread from wildland vegetation to structures.
    - Narrow winding roads, limited access, and slope can accelerate fire behavior and complicate firefighting and evacuation.
2. Structure-to-Structure Fire Spread as Spacing Narrows
    - As development transitions from large hillside lots to more closely spaced homes, the dominant hazard shifts from wildland fuels to structure-to-structure ignition.

    - In these areas, combustible fencing, vegetation between homes, deck attachments, and vulnerable building materials can allow a single ignition to propagate rapidly through a block or neighborhood.
3. Ember Cast Affecting the Wider Town Area
    - Large wildfires can generate ember casts capable of igniting homes and vegetation miles away from the flame front, including in denser in-town neighborhoods that are not directly adjacent to wildland fuels.
    - This means that preparing hillside homes alone is not sufficient; embers can ignite structures, vehicles, and landscaping well inside the Town core.

Across all three mechanisms, evacuation is a compounding factor rather than a separate hazard. Limited roadway capacity, topography, and multi-directional threat potential (e.g., multiple canyons and ridge lines) can slow evacuation just as demand is highest. This underscores the need to reduce the likelihood and intensity of fire reaching homes (fuel reduction and home hardening); reduce the chance that individual ignitions become neighborhood-scale events (defensible space and structure spacing considerations); and improve evacuation planning, public warning, and continuity of Town operations.
These wildfire-focused efforts will also improve preparedness for other natural hazards (e.g., earthquakes, floods, severe storms) by strengthening emergency management capacity, communication tools, and continuity planning.

2. Program Objectives

The proposed approach is organized around three overarching objectives:

1. **Life Safety**
   Reducing risk of injury and improving egress in a disaster.
2. **Property and Economic Stability**
   Protect homes, businesses, and critical infrastructure in a way that maintains the long-term viability and economic stability of the community. This includes protecting the local tax base, avoiding long-term displacement, and preserving key public facilities and lifelines.
3. **Environmental Stewardship**
   Manage vegetation and fuels in a way that reduces wildfire risk while supporting ecological health, watershed function, and long-term resilience of the Town's open spaces and urban forest.

To achieve these objectives, the program is designed to address mitigation, response, and continuity:

- **Mitigation**: Vegetation management, home hardening, defensible space, and infrastructure improvements that reduce risk before an event.

- **Response**: Strengthening the Town's ability to coordinate multi-agency operations through the EOC, public warning, and field support.
- **Continuity**: Ensuring the Town can sustain essential services and governance during and after a major event through continuity of operations planning.

Whole Community and Resident Action
A central premise of the program is that the Town cannot "do it all" on public property alone:

- A large portion of the highest-risk WUI area in and around Los Gatos is on private property, with Town-owned land representing only a subset of the fuels that threaten structures and evacuation routes.
- The preparedness of hillside homes directly affects the safety of residents farther into Town. If fires intensify in the WUI, embers and structure-to-structure spread will drive risk into denser neighborhoods.

Accordingly, the Town can:

- **Educate** residents and businesses with clear, consistent guidance on home hardening, defensible space, and evacuation readiness.
- **Reduce barriers to action** by offering services such as chipping, greenwaste pick-up, and potentially block-level contracts that lower cost and complexity for individual property owners.
- **Guide through non-punitive inspections** where appropriate, emphasizing coaching and voluntary compliance over penalties, especially in early phases.
- **Enforce minimum standards** for vegetation management and hazard abatement when necessary, in a fair and transparent manner.

The intent is to build a program that is robust enough to handle both moderate disasters and the less frequent, but larger-scale events that would significantly stress Town resources, without over-committing to a single hazard scenario.

3. Wildfire Mitigation and Preparedness Program Options and Cost Scenarios
Based on the cost outlined in Attachments 1 and 2, the three illustrative program scenarios have approximate operating costs of:

Scenario 1 – Foundational Program: Approximately **$1.1 to $1.15 million per year** in ongoing operating costs, with an estimated **$0.8 to $1.0 million** in additional one-time and capital work over the first 5–10+ years.

Scenario 2 – Intermediate Program: Approximately **$1.6 to $2.3 million per year** in ongoing operating costs, with an estimated **$3 to $5 million** in one-time and capital investments over the first 5–10+ years.

Scenario 3 – Comprehensive Program: Approximately **$2.1 to $3.0 million per year** in ongoing operating costs, with an estimated **$6 to $11+ million** in cumulative one-time and capital work over the first 5–10+ years.

This section describes how potential wildfire mitigation and preparedness components could be combined into three illustrative levels of investment:

- **Scenario 1 – Foundational Program**
- **Scenario 2 – Intermediate Program**
- **Scenario 3 – Comprehensive Program**

Each scenario builds on the prior one (Intermediate includes all Foundational elements; Comprehensive includes all Intermediate and Foundational elements). The program elements listed under each scenario are examples of how those funding levels could be deployed; individual elements could be modified, blended, or phased while staying within similar overall cost ranges.

As noted in the Fiscal Impact section, all costs are order-of-magnitude planning estimates in current-year dollars, do not assume specific grant awards or offsets, and exclude capital and match funding already appropriated for the outdoor warning siren project, the Town-wide evacuation modeling study, and the Vegetation Management Plan (VMP) update. Detailed line items and assumptions for each program component are provided in Attachment 1 – Wildfire Risk Mitigation Cost Breakdown and Attachment 2 – Wildfire Risk Mitigation Cost Table.

Scenario 1 – Foundational Program
(Estimated annual operating cost: approximately $1.1–$1.15 million; one-time/capital over ~5–10+ years: approximately $0.8–$1.0 million)

A core, sustainable wildfire mitigation and preparedness program that stabilizes and modestly enhances recurring fuels work, resident support, and EOC readiness, with a focus on the highest-risk locations. It begins transitioning from one-time, grant-funded projects toward a predictable baseline of annual work.

Illustrative annual program elements and costs
(rounded figures; one possible mix within the overall Scenario 1 range):

- **Roadside vegetation management on priority evacuation routes – approx. $375,000/year**
  Shift from one-time, grant-funded roadside projects to modest but consistent annual maintenance on the highest-priority evacuation routes (for example, a multi-year cycle with lighter annual/biannual touch-up on the most constrained segments).

- **Weed abatement, defensible space alignment, and Firewise/community outreach – approx. $200,000/year**
  Maintain and better coordinate:
  • Town support for County weed abatement and defensible space inspections (including the County Weed Abatement program fee billed to the Town); and
  • Ongoing Firewise-style outreach, mailers, and neighborhood engagement to help residents understand expectations and how to meet them.
- **Open space and park fuel treatments on Town lands – approx. $175,000/year**
  Maintain recent fuels work and modestly expand treatments in Town-owned open spaces that most directly threaten WUI neighborhoods, at a scale of approximately 75-100 acres per year, assuming maintenance-level costs in the roughly $1,500–$2,500 per acre range and a mix of follow-up and limited new treatments.
- **Program staffing – approx. $250,000/year**
  Provide roughly 0.5–0.75 FTE equivalent to coordinate baseline wildfire work, manage contracts, track data, and pursue grants. The lower end of the range reflects minimal new staffing and a basic training calendar; the upper end assumes a more regular exercise schedule and modest backfill/overtime for participating staff.
- **Staff training and EOC readiness — approx. $75,000–$100,000/year**
  Annual ICS/EOC training, periodic exercises, VEOCI platform maintenance, and backfill costs.
- **VMP annual implementation support — approx. $50,000/year**
  Ongoing monitoring, adaptive management, and coordination with roadside and open-space fuel treatments (one-time plan update funded separately).

Illustrative one-time/capital work
(approximately **$0.8–$1.0 million total** over 5–10+ years):

- Targeted backlog reduction on roadside and open-space units that directly affect evacuation routes and adjacent structures – on the order of $600,000–$700,000 in initial “catch-up” fuel-reduction work. This planning-level figure is derived by applying typical per-mile and per-acre treatment costs (for a limited number of high-priority WUI road segments and adjacent slopes) and will be refined once the updated Vegetation Management Plan and Town-wide evacuation study identify specific roads and treatment units.
- **Early urban-forest hazard-tree work** along critical evacuation corridors – approximately $0.2–$0.3 million, coordinated with the Town’s Urban Forest Management Plan update and existing street-tree maintenance efforts.

(Work on the Town-wide evacuation modeling study, the Vegetation Management Plan update, the Urban Forest Management Plan update, and the outdoor warning siren project is funded separately and not included in these one-time figures.)

Scenario 2 – Intermediate Program
(Estimated annual operating cost: approximately $1.6–$2.3 million; one-time/capital over ~5–10+ years: approximately $3–$5 million)
A moderate, Town-wide wildfire resilience program that builds on existing efforts and Scenario 1 by expanding fuels work and adding more robust resident support, while remaining within a mid-range level of annual investment.

Illustrative annual program elements and costs
(Scenario 2 includes all Foundational functions, scaled up where noted; one reasonable mix totals about $2.0 million per year):

- **Roadside vegetation management – approx. $425,000/year**
  Increase miles treated on key evacuation routes and begin moving the highest-risk corridors toward an annual maintenance model, while maintaining a multi-year cycle elsewhere.
- **Weed abatement, defensible space support, Firewise outreach, and Town-wide preparedness campaigns – approx. $300,000/year**
  Sustain County weed abatement and defensible-space coordination and add more proactive Town communication and education, including Firewise support, workshops, and multi-channel preparedness campaigns.
- **Open space and park fuel treatments – approx. $75,000/year**
  Continue and modestly expand fuel treatments in additional priority Town-owned open-space and park areas, informed by the updated VMP, CWPP, and evacuation analysis.
- **Chipping and curbside greenwaste service focused on WUI neighborhoods – approx. $325,000/year**
  Provide seasonal chipping/curbside greenwaste service in high-risk WUI areas (for example, one or two collection windows per year), reducing barriers for residents to complete defensible-space work.
- **Home-hardening and defensible-space grants – approx. $225,000/year**
  Launch a starter grant or cost-share program targeting high-risk hillside blocks (for example, roughly 75–100 homes per year at typical awards of $2,000–$3,000, potentially braided with external grants).
- **Community wildfire grants (block/HOA/partner projects) – approx. $250,000/year**
  Fund a small annual pool to support neighborhood-scale mitigation projects (for example, shared access-road clearing, hazard-tree removal in common areas, or HOA-level treatments) where private parcels jointly influence evacuation or structure-ignition risk.

- **Program staffing – approx. $300,000/year**
  Ensure at least one dedicated wildfire-program manager FTE equivalent, to coordinate baseline wildfire work, manage contracts, track data, and pursue grants.
- **Advanced wildfire-risk modeling and GIS support – approx. $50,000/year**
  Add parcel- and corridor-level wildfire-risk and ember-exposure mapping, data maintenance, and support for more targeted programs (for example, using modeling outputs to focus grants and chipping on the highest-risk clusters).

Illustrative one-time/capital work
(approximately $3–$5 million total over 5–10+ years):

- **Open-space backlog reduction and shaded fuel breaks** – Approximately $1.0–$1.5 million in additional treatments beyond Scenario 1, creating and maintaining strategic shaded fuel breaks and treated units on Town lands.
- **Urban-forest hazard-tree work** along priority evacuation routes and hillside streets – approximately $1.0–$1.5 million, initiating early phases of a 12-year tree cycle in the most critical corridors.
- **Initial low- to moderate-cost evacuation-route improvements** – Approximately $1.0–$2.0 million for projects such as shoulder improvements, turnouts, parking restrictions, striping, and signage, guided by the evacuation-modeling study.

Scenario 3 – Comprehensive Program
(Estimated annual operating cost: approximately $2.1–$3.0 million; one-time/capital over ~5–10+ years: approximately $6–$11 million+)
A fully integrated, whole-community wildfire mitigation and emergency-preparedness program broadly comparable to leading California WUI communities, with robust support for residents and strong Town capabilities. Scenario 3 includes all Scenario 1 and 2 elements at higher service levels.

Illustrative annual program elements and costs
(Scenario 3 assumes higher service levels for all preceding elements; one reasonable mix totals about $2.6–$2.7 million per year):

- **Roadside vegetation management – approx. $475,000/year**
  Provide annual or biannual treatments across all priority evacuation routes, maintaining low fuel loads and visibility in the most constrained segments.
- **Weed abatement, defensible-space support, Firewise outreach, and Town-wide preparedness campaigns – approx. $350,000/year**
  Sustain a mature defensible-space/weed-abatement program plus ongoing, high-touch Firewise and preparedness outreach across both hillside and in-town neighborhoods.

- **Open space and park fuel treatments – approx. $100,000/year**
  Maintain and expand a connected network of treated open-space units and fuel breaks wherever Town lands materially influence structure risk or evacuation routes.
- **Chipping and curbside greenwaste service – approx. $450,000/year**
  Offer a fully built-out chipping/greenwaste program for WUI areas, with predictable annual service windows and sufficient capacity to support neighborhood-scale mitigation.
- **Home-hardening and defensible-space grants – approx. $325,000/year**
  Operate a substantial grant/rebate program capable of driving neighborhood-scale change each year (for example, several hundred homes over multiple years), potentially in partnership with regional or State funding.
- **Community wildfire grants (block/HOA/partner projects) – approx. $500,000/year**
  Fund a robust community-grant program comparable in scale to Truckee's Community Wildfire Prevention Grants, supporting larger block, HOA, and partner projects that align with evacuation-modeling and risk-mapping priorities.
- **Program staffing – approx. $450,000/year**
  Support a fully staffed wildfire/emergency-management program (for example, the Emergency Manager plus a dedicated wildfire program manager and partial grant-management capacity), together with frequent EOC exercises, continuity-of-operations planning, and multi-year project management.
- **Advanced wildfire-risk modeling and GIS support – approx. $75,000/year**
  Maintain sophisticated wildfire-risk and ember-exposure modeling, parcel-level tracking of mitigation work, and public-facing risk-communication tools, building on the Town's evacuation-modeling and VMP outputs.

Illustrative one-time/capital work
(approximately **$6–$11 million+ total** over 5–10+ years):

- **12-year urban-forest tree-cycle implementation** – approximately $3.5–$4.5 million to carry out a full hazard-tree and maintenance cycle on priority street trees and trees affecting evacuation routes and structures.
- **Expanded strategic fuel breaks and open-space backlog reduction** – Approximately $2.0–$3.0 million to construct and maintain a network of shaded fuel breaks and treated units on Town lands that most directly influence structure and evacuation risk.
- **Major evacuation-route capital improvements** – Approximately $1.0–$4.0 million for a significant portion of the long-term roadway-improvement program recommended by evacuation modeling (for example, targeted roadway widening, additional turnouts, retaining walls, and other larger-scale projects).

4. Current Emergency Preparedness Initiatives Update
At Council's request, the summary of current emergency preparedness initiatives since the

update provided on September 16, 2025, is presented here to emphasize that the proposed program options build on existing work.

Key ongoing initiatives include:

- Emergency Operations Plan (EOP)
    - The Town's updated EOP has been formally adopted by the Town Council, and staff continues to develop supporting emergency specific annexes.
- Wildfire and Evacuation Modeling
    - The Town is in the process of developing a town-wide evacuation plan informed by simulation-based modeling, with an estimated contract value of approximately $300,000.
- Outdoor Warning Siren System
    - Staff have submitted a FEMA HMPG grant application for a siren-based public warning system. No dates have been given for award determination.
- Urban Forest Management Plan Update and Vegetation Management Plan (VMP) Update
    - Updates to the Urban Forest Management and Vegetation Management Plans are planned to help align with wildfire risk reduction goals.
    - Initial application for State Fire Capacity Grant to fund VMP update has been denied and resubmitted.
- Virtual Emergency Operations Center (VEOCI)
    - The Town has adopted VEOCI as a virtual EOC platform to support multi-agency coordination.
    - Staff are exploring an expansion of VEOCI's use to include Continuity of Operations Planning (COOP), enabling stronger integration between emergency response and sustained service delivery during disruptions.
- Staff Training
    - Continued training for staff in EOC and emergency operations.
- Firewise Community Development
    - Staff have continued to support the development of Firewise Communities through outreach and coordination. We currently have six Firewise Communities in development for Los Gatos.
- Sierra Azule Drive and Sky Lane Emergency Egress
    - Staff are coordinating with residents and the Santa Clara County Fire Vasona Crew to remove vegetation on a Town right-of-way that connects Sierra Azule Drive and Sky Lane. This work will support emergency egress during the Shannon Road repair. Initial vegetation removal costs will be split with Vasona Crew, with the Town's share at $1700.
- Santa Clara County Training Coordination
    - In coordination with the County, in November, the Town hosted a disaster finance section class with emergency personnel from across the county.

These existing efforts provide a strong foundation; the proposed program options are intended to build on this base, not start from zero.

CONCLUSION:

Wildfire remains the Town's most consequential natural hazard, with the potential to impact life safety, economic stability, and environmental health across the community. The Town has already taken important steps to improve its preparedness. However, given evolving risk and community expectations, Council direction is needed on:

1. Which program elements and services should be prioritized for further development; and
2. The general level of investment the Town should consider as staff refine program options and funding strategies.

The planning-level cost scenarios outlined in this report exceed the Town's currently available emergency management allocation and would require a combination of future budget decisions and external funding to implement.
This report, together with the attached cost matrix and the accompanying Council presentation, is intended to support that discussion and help the Town chart a path toward a sustainable, effective wildfire mitigation and preparedness program.

Staff will continue to provide updates to Council on emergency management and the expenditure of the emergency management allocation through the Town Manager's updates. Items that require Council approval or authority will be brought for Council's consideration accordingly.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:
1. Wildfire Risk Mitigation Cost Breakdown
2. Wildfire Risk Mitigation Cost Table
3. Wildfire Risk Mitigation Presentation

DATE: December 16, 2025

SUBJECT: Attachment 1: Los Gatos Wildfire Risk Mitigation Cost Breakdown

PREPARED BY: Chris Todd, Emergency Manager

This attachment provides text summaries of program options and planning level cost ranges for a wildfire risk mitigation program. All amounts are approximate, rounded, and intended for order-of-magnitude planning, not for contracting or grant applications. Costs are expressed in current-year dollars and should be refined with detailed scopes and updated bids before implementation.

Roadside Vegetation Management (priority WUI routes)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: ≈ $350,000–$500,000** (steady-state, not including big backlog projects)
- **One-time cost:** $600,000–$700,000 for initial, heavier treatments on untreated priority segments
- **Admin / staffing:** Multi-year contracts, environmental compliance, coordination with property owners.
- **Basis:** Annual costs represent recurring maintenance on priority WUI evacuation routes once backlog work is completed (e.g., a 4–6 year cycle with lighter annual/biannual "touch-up" on the most constrained segments). Town Wildfire Advisory Group estimate of **$75,000/mile** for ~5.2 miles ≈ **$390,000/year** on a 6-year cycle; Montecito's Roadside Hazard Abatement + Tag and Trim ≈ **$95,000/year** for 13 miles (lower per-mile costs on less constrained roads).

Weed Abatement and Defensible Space Inspections (Town share)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $95,000–$175,000**
- **One-time cost:** N/A
- **Admin / staffing:** Inspection coordination, complaint response, data management, legal support
- **Basis:** Montecito's annual defensible-space/weed inspections for ~4,200 parcels; Truckee's defensible space team funded within a ~$3.8M/year wildfire program; These funds would supplement County Fire's inspection/enforcement with Town admin capacity. Range includes the County Weed Abatement program fee currently billed to the Town (≈ $20,338/year) plus incremental Town staffing and overhead to coordinate inspections, respond to complaints, support enforcement, and align Town codes with State defensible space requirements.

Open Space and Park Fuel Treatments (Town-owned lands)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $150,000–$300,000** (maintenance); plus periodic capital for backlog reduction
- **One-time cost: $100,000–$200,000** for planning/CEQA, unit mapping, prescriptions
- **Admin / staffing:** Technical oversight, contract/CEQA management, monitoring
- **Per-acre logic & basis:**
    - Truckee fuels projects: **$2,900–$4,800/acre** (Sierra Meadows, Armstrong Tract, Royal Gorge, community grants).
    - Tyrolian Village Fire Smart pilot & BurnBot: **~$2,500–$2,800/acre** in steep WUI.
    - Montecito FTN maintenance: **25 acres at $90,000 (~$3,600/acre)**; herbivory: **50 acres at $65,000 (~$1,300/acre)**.
    - For Los Gatos: assume **initial treatments at ~$2,500–$4,000/acre** and **maintenance at ~$1,000–$1,500/acre**. The $150k–$300k annual band equates to maintaining/treating on the order of ~75–150 acres/year, which aligns with the scale of Town-owned risk areas identified in prior analyses.

Home Hardening and Defensible Space Grants

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $150,000–$400,000**
- **One-time cost:** N/A
- **Admin / staffing:** ≈ 0.25–0.5 FTE (or equivalent contract) for application, inspection, and grant management
- **Basis:** Town Wildfire Advisory Group recommendation of **~$100,000/year** for vulnerable homeowners; Montecito Home Hardening Assistance ≈ **$50,000/year for 10–15 homes**; Truckee's **$550,000/year** Community Wildfire Prevention Grants program.

Chipping and Green Waste Support

- **Priority:** High
- **Tier:** Primarily Intermediate / Comprehensive (small Foundational pilot possible)
- **Annual cost range: $250,000–$500,000**
- **One-time cost:** N/A
- **Admin / staffing:** Program design, vendor management, scheduling, customer service, outreach
- **Basis:** Truckee's Measure T Green Waste budget ranges from about $685,000 to $760,000 per year for curbside pick-up, dumpster rebates, and Firewise dumpsters, serving roughly 4,700 WUI parcels and additional residents. Montecito's Neighborhood Chipping Program is about $130,000/year in a much smaller community. Los Gatos has on the order of 3,100–3,400 WUI homes, so a scaled program focused on those high-risk neighborhoods is reasonably in the $250,000–$500,000 range depending on service level (number of annual collection windows, capacity for curbside pick-up vs. centralized dumpsters, and level of outreach).

Firewise / Fire Smart Outreach

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $50,000–$100,000**
- **One-time cost:** N/A
- **Admin / staffing:** ≈ 0.25–0.5 FTE (or equivalent contract) plus materials and events
- **Basis:** Montecito home-hardening and outreach budgets (~$50k+/yr); Truckee's prevention/outreach allocations within Measure T; Town Wildfire Advisory Group emphasis on Firewise and preparedness education.

Town-wide education & preparedness campaigns

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $25,000–$75,000**
- **One-time cost:** N/A
- **Basis:** Truckee and Montecito community wildfire communications.

Town-Wide Evacuation Modeling and Plan (planning only)

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range:** Minimal (beyond periodic updates/exercises)
- **One-time cost: ≈ $200,000–$300,000** (no additional funding needed for this item)
- **Basis:** Currently scoped at ~**$300,000** as a planning ceiling for modeling and plan development. Grant application pending. HMGP comparables show similar scales for detailed wildfire/evacuation planning.

Evacuation Route Physical Improvements (Capital)

- **Priority:** High (long-term)
- **Tier:** Comprehensive
- **Capital range: ≈ $10 million over 5–10+ years (capital)**
- **Basis:** Prior Town analysis and Wildfire Advisory Group work identified a conceptual package of evacuation-route improvements (e.g., shoulder work, limited widening, turnouts, signage, and parking restrictions) on the order of $10 million over time (approximately $1 million in early projects and another ~$9 million in later phases). These amounts are placeholders used solely for long-range planning.
- **Notes & Assumptions:** This is capital, not program operating cost, and actual scope, sequencing, and cost will be determined only after completion of the Town-wide evacuation modeling and plan. The modeling effort is expected to identify specific bottlenecks, priority corridors, and recommended treatments; any capital projects that emerge will be brought back through the Town's normal CIP and budget process with refined engineering estimates. Until that work is complete, the $10 million figure should be treated as a high-level planning benchmark, not a commitment.

Outdoor Warning System (Sirens)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $40,000–$60,000** (O&M)
- **One-time cost: ≈ $1.5–$1.7 million** for ~8 siren sites
- **Basis:** Town's HMGP subapplication for 8 siren locations (~$1.63M total). Malibu and other HMGP siren feasibility/implementation projects show similar per-site and annual maintenance costs. Grant application pending.

Staff Training

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $75,000–$150,000**
- **One-time cost:** N/A
- **Basis:** Emergency Management Accreditation Program aligned programs typically budget at least 0.5–1.0 FTE plus training and exercise funds. This range covers one major exercise every 1–2 years, annual ICS/EOC training, VEOCI config, and backfill; consistent with the Town's EOP implementation and regional coordination commitments.

Program Staffing

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $100,000–$200,000**
- **One-time cost:** N/A
- **Basis:** Peer communities dedicate explicit staff capacity to wildfire mitigation program administration. Truckee Fire Protection District has created a Wildfire Prevention Division that includes a Wildfire Prevention Manager and four support staff. Montecito Fire Protection District's Vegetation Management and Wildfire Prevention work is similarly managed by a small prevention team that includes specialist roles focused on vegetation management and community wildfire preparedness. For Los Gatos, this range is intended to represent roughly one mid- to senior-level FTE (or an equivalent blend of staff time) dedicated to wildfire program coordination in addition to the existing Emergency Manager role. Duties would include vendor and contract management, coordination with any Fire Safe Council partners, grant management, data tracking, reporting, and cross-departmental coordination.

Contracted Program Support (e.g., Fire Safe Council)

- **Priority:** High
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $150,000–$300,000**
- **One-time cost:** N/A
- **Basis:** California Fire Safe Councils commonly manage bundled services—chipping, defensible-space assessments, neighborhood grants, and block-contractor coordination—under low- to mid-six-figure annual contracts in similar WUI communities. For example, Sonoma

County's Wildfire Adapted programs invested roughly $2.35 million (Part 1) and $0.37 million (Part 2) in outreach, assessments, regulatory compliance, and planning, with about $120,000 in dedicated grant-management staffing, implying a management/admin share on the order of 5–10% of total project costs. For a Los Gatos wildfire-mitigation program with total annual spending in the $1.5–$3.0M range, a $150,000–$300,000/year contract for a Fire Safe Council or similar partner keeps combined internal + external administration in a reasonable band (roughly 15–20% of program cost), while still allowing delivery of chipping logistics, inspection scheduling, outreach, and neighborhood-grant support.

Community Grants / Neighborhood Projects

- **Priority:** Medium–High
- **Tier:** Comprehensive
- **Annual cost range: $250,000–$750,000**
- **One-time cost:** N/A
- **Basis:** Truckee's Community Wildfire Prevention Grants budget is **$550,000/year**, funding neighborhood-scale fuel reduction and Firewise projects. Montecito invests targeted funds in hazard tree removal and defensible space projects that strengthen its fuel-treatment network.

Urban Forest Tree Work (12-Year Cycle Implementation)

- **Priority:** Medium-High
- **Tier:** Intermediate / Comprehensive
- **Planning-level cost range: ≈ $425,000–$450,000 per year**
- **Basis:** Initial estimated costs for fully funding Town tree work; Details pending updated Urban Forest Management Plan.

Vegetation Management Plan (VMP) Update

- **Priority:** High
- **Tier:** Foundational / Intermediate / Comprehensive
- **Annual cost range: $50,000–$100,000** (implementation support, monitoring, adaptive management)
- **One-time cost:** ~**$300,000-$325,000** (plan update, CEQA, mapping)
- **Basis:** The one-time cost reflects the total project budget in the Town's USDA Community Wildfire Defense Grant application: $250,000 in federal funds plus a $62,500 local match, for a total of $312,500 to develop a comprehensive Vegetation Management Program (VMP) and update the 2021 Vegetation Management Plan. The annual range covers ongoing implementation support after the update (e.g., monitoring, adaptive management, coordination with open-space and roadside fuel treatments, and regular updates to treatment priorities).

Advanced Wildfire Risk Modeling and Analytics

- **Priority:** Medium
- **Tier:** Intermediate / Comprehensive
- **Annual cost range: $15,000–$40,000** (incremental to existing GIS agreements)

- **One-time cost:** Up to **~$50,000–$75,000** if a dedicated modeling platform or additional lidar/imagery processing is procured
- **Basis:** Advanced tools (e.g., parcel-level ember exposure, structure-level risk scores, or dynamic treatment optimization) can be layered on top of State/County datasets and the Town's evacuation modeling work, rather than funded as a stand-alone modeling effort. Because Los Gatos is already investing in simulation-based evacuation modeling and VMP planning, any additional wildfire-specific analytics are assumed to be incremental and scoped narrowly

DATE: December 16, 2025

SUBJECT: Attachment 2: Los Gatos Wildfire Risk Mitigation Cost Table

PREPARED BY: Chris Todd, Emergency Manager

This attachment provides table summaries of program options and planning level cost ranges for a wildfire risk mitigation program. All amounts are approximate, rounded, and intended for order-of-magnitude planning, not for contracting or grant applications. Costs are expressed in current-year dollars and should be refined with detailed scopes and updated bids before implementation.

Detailed Cost Matrix

#	Program Element	Planning-Level Cost Range*	Basis / Comparable	Notes & Assumptions
1	Roadside fuel reduction (priority WUI routes)	≈ $350k–$500k/yr; one-time $600k-$700k	Annual figures reflect ongoing treatment of priority WUI evacuation routes once initial backlog work is completed (e.g., a 4–6 year cycle, with lighter annual/biannual maintenance on the most constrained segments). The one-time backlog range is a planning-level allowance to bring the remaining high-priority segments up to standard. LG Wildfire Advisory Group: $75k/mile × 5.2 miles ≈ $390k/yr. Montecito: $95k/yr for 13 miles roadside work in less steep terrain.	Assumes 6-yr cycle with heavier initial work, then annual/biannual maintenance on highest-risk routes; includes contractor + ≈0.1–0.2 FTE Town PM.
2	Weed Abatement and Defensible Space Inspections (Town share)	≈ $95k–$175k/yr	Montecito's annual defensible-space/weed inspections for ~4,200 parcels; Truckee's defensible space team funded ~$3.8M/year; Range includes the County Weed Abatement program fee currently billed to the Town (≈ $20,338/year) plus incremental Town staffing and overhead to coordinate inspections, respond to complaints, support enforcement, and align Town codes with State defensible space requirements.	These funds would supplement County Fire's inspection/enforcement with Town admin capacity.
3	Open space/park vegetation management (Town-owned)	Annual ≈ $150k–$300k; one-time ≈ $100k–$200k	Truckee fuels projects: $2.9k–$4.8k/acre. Tyrolian/BurnBot: ~$2.5k–$2.8k/acre. Montecito FTN: ~$3.6k/acre.	Assumes initial treatments ~$2.5k–$4k/acre; maintenance ~$1k–$1.5k/acre; supports treating/maintaining ~75–150 acres/yr. Larger backlog reduction would require separate capital.
4	Defensible space & home-hardening grants	≈ $150k–$400k/yr	LG Wildfire Advisory Group: ~$100k/yr Foundational. Montecito: $50k/yr for 10–15 homes. Truckee: $550k/yr community grants.	Supports ~50–150 homes/yr at $1k–$3k each plus admin; scalable via Fire Safe Council partnership.

5	Neighborhood / curbside chipping & green-waste	≈ $250k–$500k/yr	Truckee's Green Waste program (pick-up, Firewise dumpsters, dumpster rebates) totals about $685k–$760k/year and handles thousands of piles and over 30,000 cubic yards of material for approximately 4,700 WUI parcels and additional residents. Montecito's Neighborhood Chipping Program is about $130k/year in a smaller community.	Band is scaled for Los Gatos' ~3,100–3,400 WUI homes: the lower end reflects an Intermediate-scale program (1–2 seasonal events focused on WUI neighborhoods), while the upper end reflects a more Comprehensive, Truckee-style service level but still somewhat smaller in scale.
6	Firewise support & community organizing	≈ $50k–$100k/yr	Montecito: ongoing Fire Code/defensible space outreach. Truckee: Firewise integrated into prevention team.	Funds Firewise mini-grants, materials, and a portion of staff/contract time dedicated to neighborhood engagement.
7	Town-wide education & preparedness campaigns	≈ $25k–$75k/yr	Truckee and Montecito both invest in ongoing wildfire communications.	Higher end = multi-channel campaigns (print, web, social, meetings, translation). EM/PIO time not fully monetized here.
8	Evacuation modeling & town-wide plan	One-time ≈ $200k–$300k	Earlier Town planning (~$185k) plus current RFP ceiling (~$300k). HMGP comparables show similar ranges.	Planning/modeling only; excludes any roadway construction recommended by the study.
9	Evacuation route physical improvements (capital)	≈ $10M over 5–10+ yrs	Town Wildfire Advisory Group funding summary ≈ $10M for evacuation-related roadway work. HMGP roadway & shaded fuel break projects show similar orders of magnitude.	Conceptual CIP-level figure; actual costs will depend on detailed design/CEQA/ROW.
10	Outdoor warning siren system	One-time ≈ $1.5M–$1.7M + $40k–$60k/yr O&M	Town HMGP subapplication: ~ $1.63M for 8 sites. Malibu siren feasibility and other HMGP projects show similar per-site costs.	Capital largely grant-funded if awarded; Town responsible for match and ongoing testing/maintenance.
11	Staff training & exercises	≈ $75k–$150k/yr	EMAP-aligned city programs typically fund ≥0.5–1.0 FTE plus exercise budgets.	Covers annual ICS/EOC training, one major exercise per 1–2 yrs, VEOCI upkeep, and backfill.
12	Program administration & contracted program	≈ $250k–$500k/yr	Town Wildfire Advisory Group flagged staffing as a major limiter. Montecito & Truckee both show admin costs on top of project dollars. Tahoe Fire Smart pilots emphasize dedicated coordinators.	Lower end ≈ 0.75 FTE Town + small FSC contract; higher end ≈ 1–1.5 FTE equivalent plus a robust Fire Safe Council admin role.

	support (internal + external)		Costs include support services of the Fire Safe Council or similar organization	
13	Community wildfire grants (block / HOA / partners)	≈ $250k–$750k/yr	Truckee: $550k/yr Community Wildfire Prevention Grants. Montecito: targeted defensible space/hazard tree projects.	$250k/yr supports a few high-impact projects; $500k–$750k/yr moves toward Truckee-scale neighborhood mitigation.
14	Urban Forest Management	≈ $425k–$450k	Estimated urban forest management on 12yr cycle; Pending Los Gatos' UFMP revision work.	Implementation (tree removal/replacement, canopy management) coordinated with roadside/VMP projects and funded via maintenance & capital.
15	Advanced Wildfire Risk Modeling and Analytics	≈ $15k–$75k/yr (incremental)	Advanced tools (e.g., parcel-level ember exposure, structure-level risk scores, or dynamic treatment optimization) can be layered on top of State/County datasets and the Town's evacuation modeling work, rather than funded as a stand-alone modeling effort. Because Los Gatos is already investing in simulation-based evacuation modeling and VMP planning, any additional wildfire-specific analytics are assumed to be incremental and scoped narrowly.	Treated as an optional enhancement in the Intermediate and Comprehensive scenarios; not required for a functional Foundational program.

TOWN OF LOS GATOS
COUNCIL AGENDA REPORT

MEETING DATE: 01/20/2026
ITEM NO: 19

DATE: January 13, 2026

TO: Mayor and Town Council

FROM: Chris Constantin, Town Manager

SUBJECT: **Mayor Request to Direct Staff to Evaluate Feasibility of Painting Red Curb Markings Near Intersection Crosswalks Under California's Daylighting Law**

RECOMMENDATION: Mayor requests that the Town Council consider whether to support directing staff to evaluate the feasibility of strategically painting red curbs at select intersections, consistent with California's Daylighting Law, to enhance visibility and safety as part of normal operations.

FISCAL IMPACT:

As this is a request by one Councilmember, staff has not performed analysis of the possible financial impacts associated with the contemplated recommendation.

STRATEGIC PRIORITY:

Not Applicable.

BACKGROUND:

This Council Matter is initiated by Mayor Rob Moore in accordance with the Town of Los Gatos Council Agenda Format and Rules Policy (Policy 2-01), which allows members of the Town Council to raise matters for brief discussion, make announcements, or discuss whether to place an item on a future agenda for consideration by the full Council.

The item is intended to bring forward a policy topic for Council consideration without directing staff action and without requiring a staff report or analysis at this time.

PREPARED BY: Chris Constantin
Town Manager

Reviewed by: N/A

Effective January 1, 2024, Assembly Bill 413 amended the California Vehicle Code to prohibit stopping, standing, or parking within 20 feet of the approach side of a marked or unmarked crosswalk at an intersection, or within 15 feet where a curb extension is present. This change, commonly referred to as the Daylighting Law, is intended to improve visibility and reduce conflicts between vehicles, pedestrians, and bicyclists.

DISCUSSION:

The purpose of this Mayor-initiated Council Matter is to ask whether the Council majority wishes to request staff to consider and evaluate, as appropriate, the strategic use of red curb markings at select intersections to support the visibility and safety goals of the Daylighting Law. While the parking restriction applies regardless of curb markings, painting red curbs may help improve public awareness and voluntary compliance, particularly given that many residents may be unfamiliar with the recent change in state law.

Consistent with the limited scope of Council Matters under Policy 2-01, this item is not intended to direct staff, allocate funding, or initiate a comprehensive analysis. Rather, it is intended to gauge Council interest in whether further consideration of this topic should be incorporated into future work or routine operations.

Examples of locations where enhanced visibility may be beneficial include University Avenue and Andrews Street, Loma Alta Avenue and Whitney Avenue, and Los Gatos Boulevard and Frank Avenue, based on traffic volumes, resident concerns, and sight distance considerations.

CONCLUSION:

This Mayor-initiated Council Matter is intended to seek Council input on whether to further consider strategic red curb markings at select intersections to support the safety and visibility objectives of California's Daylighting Law. The item is presented for discussion only and does not commit the Town to any specific action.

ALTERNATIVES:

Alternative #1: Receive the Mayor's report and take no further action.

COORDINATION:

The item is a Council Matter request and was not reviewed by other staff.

ENVIRONMENTAL ASSESSMENT:

This item is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378, as it involves a request for Council consideration and possible

direction to evaluate feasibility and does not commit the Town to a definite course of action. Any future actions that may result in a physical change to the environment would be subject to separate CEQA review, as appropriate.

Attachments:

None.